

"ASSISTANT PRESIDENT" FOR THE HOME FRONT:
JAMES F. BYRNES AND WORLD WAR II

By

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World War II had a cataclysmic impact on international affairs and compelled profound changes in domestic America. For various reasons President Franklin D. Roosevelt, notorious for his unorthodox administrative techniques, created a series of agencies with inadequate authority to manage the mobilization effort. Once America entered the war, the president delegated more authority, but no one administrator had overall responsibility for policy and program determination and for coordinating the implementation of programs. By then inflation imperiled the entire war effort.

In the fall of 1942, Roosevelt finally moved to control inflation. In October James F. Byrnes, a loyal and

trusted presidential adviser, resigned from the United States Supreme Court in order to accept appointment as director of the Office of Economic Stabilization (OES). With offices in the White House Byrnes had authority to set policy and decide programs for wage, salary, price, and rent controls and for rationing scarce, essential consumer goods. Roosevelt also assigned him the equally important and vexatious task of settling disputes among executive departments and agencies. By the next spring Byrnes and his OES staff had reversed the inflationary trend. In spite of opposition from special interest groups and little real support from Congress, the OES director established a firm but flexible stabilization program that kept the cost of living under control.

During the same period the president expanded Byrnes's duties as he proved his administrative abilities. The OES director was an important liaison with Congress, mediated interagency disputes and labor strikes, and handled certain production problems. The variety and number of such problems illustrated the need for one agency with authority to determine policy and programs for the entire mobilization effort. In May 1943, Byrnes persuaded the president to create such an agency, and that same month Roosevelt appointed him as director of the

Office of War Mobilization (OWM). He now was the "Assistant President" for the home front, supervising the military and civilian production programs, and the stabilization program, and resolving controversies among czars and heads of agencies and departments. Acting as the political manager of the home front, Byrnes exercised the power that Roosevelt had never fully delegated before to any one man.

Because the mobilization process had already been institutionalized, Byrnes devoted himself to setting and coordinating policy and adjudicating controversies. He eschewed making the OWM into a national planning agency. Congress recognized his and the OWM's valuable service by enacting legislation to create the Office of War Mobilization and Reconversion (OWMR). In October 1944, even though he had suffered a bitter disappointment at the Democratic National Convention, Byrnes agreed to assume the directorship of the OWMR. Roosevelt's failing health and his concern with diplomacy meant that Byrnes had even more responsibility for the home front. The OWMR director presided over the final production surge, decided important reconversion and manpower policies, and imposed stringent controls on civilian life. In April 1945, after rendering the nation and Roosevelt invaluable service, Byrnes resigned and returned to South Carolina.

CHAPTER I
BYRNES AND ROOSEVELT:
THE MAKING OF A POLITICAL PARTNERSHIP

On this sunny, sleepy morning, December 7, 1941, sailors lounged on the decks of the seventy combatant ships and twenty-four auxiliaries anchored at Pearl Harbor. Most officers were still below; some were eating breakfast. Shortly before 8 A.M. Japanese aircraft attacked and devastated the military installations and fleet in the harbor.¹ What President Franklin D. Roosevelt had been unable to do, the surprise attack did: the American people united in support of the war effort.

Later that week Supreme Court Justice James F. Byrnes met with President Roosevelt to discuss the problems of mobilizing America for the ordeal of total war. The justice was eager to aid the president in any possible way, and his duties on the Court seemed too remote and unimportant. Just the previous day, December 9, he had heard arguments in a case that dealt with contracts for ships built during World War I. He hoped to have a more vital role than this in the war effort. Fortunately for Byrnes, Roosevelt planned to make use of his political acumen.²

As Byrnes talked with the president in his bedroom on the morning of December 10, Roosevelt's grave demeanor

mirrored his concern about the required mobilization of the American people, productive facilities, and Congress for the task ahead. While in the bathroom shaving, he continued the conversation with Byrnes sitting "on the only seat in the room." Byrnes jocosely told the president that his 1937 "court packing" scheme had been all wrong. During wartime Byrnes said a man should not be appointed to the Court until he had reached the age of seventy. After Roosevelt had expressed anxiety about the administration's relationship with Congress, the justice readily agreed to try to expedite the passage of war measures.³

Roosevelt primarily needed the skills and personal ties that Byrnes had developed during his quarter century service in the House and Senate. Indeed, Roosevelt appointed him to the Court as a reward for valiant service in precisely this sort of role. Over the years James Byrnes had developed a strong personal loyalty to and friendship for Franklin Roosevelt. Their relationship survived differences in background, political philosophy, and constituency. During the New Deal years Byrnes had been one of the president's valued political advisers, companions in relaxation, and confidants.

Justice Byrnes enjoyed few of the amenities of the Roosevelt childhood. The son of Irish immigrant parents,

Byrnes was born on May 2, 1879, in a little sagging-galleried frame house on King Street in a lower middle class neighborhood of Charleston, South Carolina. Because his father died shortly before Byrnes's birth, his mother, Elizabeth, became a dressmaker in order to support her two children, James and Leonore, and her nephew, Frank J. Hogan. Life was not easy for the family, but his mother was able to make ends meet.

As soon as he was old enough, Byrnes worked after school as his mother's delivery boy. He attended Charleston's public schools, blossomed into one of the best students in his class, but quit school at the age of fourteen to lift some of the financial burden from his mother. The future Supreme Court Justice worked as an office boy in the prestigious Charleston law firm of Mordecai, Gadsden, Rutledge and Hagood.⁴

Byrnes soon became a favorite of the Broad Street attorneys because of his humorous and witty personality, his quick and agile mind, and his ability to take shorthand, which his mother had taught to her children. One member of the firm, Benjamin H. Rutledge, took an especial interest in him. Rutledge supervised his reading of history and literature and acted as his mentor. Byrnes adopted Rutledge's aristocratic and gracious manners. His

success in this position demonstrated that he had overcome the hardships of his childhood. Ambitious and bright, Byrnes wanted more from life.

In the summer of 1900, he moved to Aiken, South Carolina, to assume his duties as court stenographer to Judge James Aldrich of the Second Judicial Circuit. Byrnes won his position through a competitive examination. Like Rutledge, Judge Aldrich supervised Byrnes's continued education. Byrnes learned enough law from reading and his job to pass the bar examination in 1904. But his law practice earned him little additional income because his office attracted many friends who wanted free legal advice. In order to support his mother and his grandmother, both of whom had moved to Aiken, Byrnes remained the court stenographer and acquired the Aiken Journal and Review, with a partner.

By now Byrnes, who was five feet seven inches tall and weighed 140 pounds, had grown into a handsome young man with an elfish appearance and infectious charm. He exuded confidence, was an extrovert, spoke with a soft drawl, and seemed to have boundless energy. An indefatigable worker, he also enjoyed a vivacious social life. In Aiken he courted Maude Busch and married her on May 2, 1906. Although reared a Catholic, Byrnes joined the

Episcopal church after his marriage, a religious conversion that caused him problems in his later political career.

Byrnes still wanted more out of life. He made determined efforts to meet people and make friends. When he served as court stenographer, he memorized the names of every member of the juries. He learned many of the nuances of the law and politics during his travels on the judicial circuit. In 1908, resigning his position as court stenographer, Byrnes won election to the office of solicitor for the Second Judicial Circuit, with duties equivalent to those of a district attorney. Byrnes achieved favorable notoriety by successfully prosecuting several important murder cases. He also made juries accept testimony from blacks and prosecuted assaults on blacks. In order to further his political career, he sought election to the United States House of Representatives from the second district in 1910. He later recalled that he "'campaign[ed] on nothing but gall, and gall won by fifty-seven votes.'"⁵

But the young solicitor had more to offer the voters than just gall. His successful stint as solicitor proved that he had become a competent and diligent lawyer, who cared for justice as much as for legal procedures. Byrnes

waged a vigorous campaign, participating in the "rural festivals," a series of debates among the three candidates in each county of the district. Because no candidate received a majority of the votes in the first primary, a second one was held in which Byrnes defeated the incumbent, J. O. Patterson. The voters in the second district sent to Congress a man who had made his own way in the world, who had demonstrated his unusual abilities as solicitor, and who hoped to improve his constituents' welfare.

Byrnes represented a rural constituency that rarely expected much more from their congressman than seeds and bulletins from the Department of Agriculture. An hour or two each morning was all that these duties demanded of his time. Thus, Byrnes had many free hours to immerse himself in the details of the legislative process. He assiduously studied the art of politics, learning the intricacies of congressional life and influence by attending committee meetings and observing the activities on the House floor. Even his living quarters in the Congress Hall Hotel, the abode of many congressmen, furthered his opportunity to imbibe the nuances of politics and to make friends with such influential legislators as Ben Tillman of South Carolina, Champ Clark of Missouri, Joe Cannon of

Illinois, Carter Glass of Virginia, John Nance Garner of Texas, Claude Kitchin of North Carolina, Joe Robinson of Arkansas, Pat Harrison of Mississippi, and Cordell Hull of Tennessee.

During his seven terms in the House, Byrnes developed and refined his skills as a politician much in the same way that men devoted themselves to a profession or a business career. Indeed, for Byrnes, politics became a profession and a means of social mobility. This was also true of other southerners who, without family connections, found politics to be an avenue of upward mobility. Byrnes could have earned much more money practicing law, as he did from 1925 until his victorious senate campaign in 1930. But the lure of politics and Washington life overshadowed his acquisitive drive.

Byrnes had simple tastes; he once described his material needs as "'two tailor-made suits a year, three meals a day and a reasonable amount of good liquor.'" Byrnes, who was somewhat nervous and high-strung, enjoyed relaxing in the late afternoon, at "bullbat time" (or "happy hour"), with either colleagues or newspapermen, like Turner Catledge and Walter Brown. While drinking bourbon and "branch water," he liked to sing hymns and old southern ballads. In his Senate days his favorite song

was "When My Dream Boat Comes Home." Drinking was an integral aspect of the congressional ambience, but he rarely, if ever, overindulged.

Byrnes's personality was well-suited for politics; he was a natural, pragmatic politician. He had a middle-of-the-road political philosophy, slightly to the right of center. From his careful examinations of politics and human nature, he realized that legislation resulted from compromise, reconciliation, and the dialectics of the legislative process. Throughout his congressional career Byrnes evidenced little concern for the limelight: results, not publicity, were what he was concerned with.

With the election of Woodrow Wilson the Democrats, and Byrnes in particular, enjoyed the privileges of being the party in power. First, Byrnes paid his dues to the House Democratic leadership by performing assigned tasks, which also demonstrated his abilities. He became an ardent supporter of much of Wilson's legislative agenda and concentrated on banking reform, better roads, and veteran benefits. A lifelong Democrat, Byrnes supported the Underwood Tariff, the Federal Reserve Act, and the Clayton Anti-Trust Act. When the New Freedom diverged from his own or the South's interests, he voted against the administration. He, for instance, opposed the

Keating-Owen Child Labor Law, which he thought was an unconstitutional application of the interstate commerce clause. He was also apprehensive that the federal government might use this power to prohibit mills that had segregated work forces from sending their goods across state lines. Throughout his congressional career Byrnes, according to Winfred B. Moore, decided the merits of all issues based upon the dictates of his own predilections, the interests of South Carolina, and those of the South in general.⁶

Once war erupted in Europe in 1914, Byrnes supported and worked for virtually all of the defense measures. At the same time, he abided by and mastered the congressional rules of etiquette. In 1917, the same year the United States entered the war, Byrnes was named to the appropriations committee and performed ably an important role in the war as chairman of the naval appropriations subcommittee. Working closely with Assistant Secretary of the Navy Franklin D. Roosevelt, he facilitated the buildup of the navy by helping to write and push through naval appropriation bills. And Byrnes protected Roosevelt who consistently proceeded before Congress had passed the necessary authorization. It was during World War I that the young congressman developed a close friendship with Roosevelt.

Byrnes's ardor for the prosecution of the war degenerated into an unquestioning acceptance of the irrational nativist outbursts of this period. He was a votary of Attorney General A. Mitchell Palmer who tried to stamp out the "radicalism" of immigrants and to enforce 100 percent Americanism. Because of his white supremacist beliefs, Byrnes readily identified the "super patriots'" fear of the "imminent" communist take-over with the southerner's reaction to the racial disturbances of the summer of 1919. The race riots and unrest of 1919, Byrnes contended, had been provoked by "incendiary" demands of such black leaders as W. E. B. DuBois, A. Phillip Randolph, and William Monroe Trotter. Proclaiming that blacks did not want equal treatment, Byrnes argued that blacks would only make progress by following the whites.⁷ He had yet to demonstrate any willingness to contravene the dominant social customs of the South: to allow blacks economic, social, and legal equality.

Despite Wilson's appeals for the election of a Democratic Congress in 1918, the Republican party won control of both houses. Byrnes served his last six years in the House without the perquisites he had enjoyed. Nonetheless, he still supported Wilson's foreign policy well into the 1920s, advocating disarmament and American

participation in the World Court and the League of Nations. As a delegate to the 1920 Democratic National Convention in San Francisco, Byrnes backed A. Mitchell Palmer for the presidential nomination. But failing in this, he worked to secure Roosevelt's nomination as Governor James M. Cox's running mate. Byrnes interceded with Charles Murphy of Tammany Hall in behalf of Roosevelt, and the delegates did name Roosevelt the vice-presidential nominee. The 1920s was a decade of Republican ascendancy; the Democrats did not win the presidency again until 1932. Remaining in the House until 1925, Byrnes continued to voice his views, particularly stressing economy in government.

In 1924, Byrnes decided to campaign for the Senate, where he believed he could have a more rewarding experience, even in the minority. Because no candidate received a majority of the votes in the four-man primary, Byrnes and former governor Cole L. Blease, who had received the most votes, competed in a runoff election. Immediately prior to election day a circular, which ostensibly endorsed Byrnes, was circulated throughout the state, and particularly in Ku Klux Klan strongholds. This circular praised Byrnes for his exemplary Catholic childhood. Blease won the election, perhaps because of this

blatant appeal to the anti-Catholic vote. Byrnes now joined the law firm of Sam J. Nicholls and C. C. Wyche of Spartanburg.

During this hiatus in his political career, Byrnes savored life as a successful lawyer. The Depression, however, shattered the normalcy of the 1920s. In 1930, South Carolinians experienced the hard times of the Great Depression, and many were dissatisfied with Senator Blease. The anti-Blease faction turned to Byrnes as the most promising man to unseat him in the 1930 primary election. Byrnes entered the contest partly to avenge his 1924 defeat and partly because he was an innate politician. Without a doubt, he missed the opportunities of service and the other advantages found in holding national office.

Byrnes again faced Blease in a runoff primary, as neither candidate won a majority of the votes in the first election. Fortunately for Byrnes, the losing candidate, Leon W. Harris, threw his support to him; so the anti-Blease vote did not splinter. Byrnes won the second primary and, in doing so, helped to inaugurate a new campaign style in South Carolina politics. While assuring the voters that he would brook no change in white supremacy, Byrnes de-emphasized the race issue, tried to put it in

its "proper perspective," and campaigned on issues more pertinent to the Depression.

Before he reentered politics, Byrnes had already renewed his personal contact with Franklin Roosevelt. In 1928, after Roosevelt won election as governor of New York, Byrnes offered to support him for the Democratic presidential nomination in 1932. After Byrnes returned to Washington as senator, he corresponded with him more frequently, and in January 1932, he visited the governor in Albany. By now, Byrnes had become a charter member in the "Roosevelt for President" network, and he later secured the adoption of a resolution, endorsing Roosevelt, at the South Carolina state convention. Byrnes promoted Roosevelt at the Democratic National Convention, and he worked for him during the campaign.

In the last few frenzied weeks of the campaign, Byrnes traveled aboard the Roosevelt campaign train, acting as a speech writer. Senator Key Pittman of Nevada and Byrnes worked closely with Raymond Moley, an original member of the Brains Trust, in preparing speeches. The South Carolinian was one of the principal draftsmen of the "Four Horsemen" speech in which Roosevelt attached to Republican leadership the appellation of "Destruction, Delay, Deceit, and Despair." The Byrnes-Roosevelt part-

nership of the campaign presaged Byrnes's role in the new administration.

Besides his friendship with Roosevelt that grew out of their shared war experiences, Byrnes became a Roosevelt votary because of the similarities in their personalities and their political beliefs. Both Roosevelt and Byrnes liked people and were gregarious extroverts, and both loved the South and hoped to ameliorate its stricken condition. And both were natural, inherent politicians, abhorred inflexibility, and were skillful and practical in their pursuit of results.

During the five-month long interregnum, Byrnes acted as a liaison with Democratic legislators. The inaugural brought to a close a series of strategy conferences that he had with Roosevelt, members of the Brains Trust, and other Democrats in Congress. Once in office Roosevelt moved quickly on legislative proposals. As with the entire first term, Byrnes proved to be invaluable in drafting legislation and in pushing bills through the Senate.

During the First Hundred Days Byrnes helped to draft the Emergency Banking Act and the Home Owners' Loan Act, worked for the passage of the Economy Act, the Securities Act, and the Farm Credit Act; and acted as whip for the

Civilian Conservation Corps Act, the Federal Emergency Relief Act, and the Agricultural Adjustment Act. Byrnes either assisted in drafting or acted as whip in the following legislation: the Securities Exchange Act, the Glass-Steagall Act, and the 1934 appropriations bill. In 1935, the arduous fight to secure passage of the \$4.8 billion appropriation for work relief revealed the extent of his support for the New Deal. Byrnes fought long and hard for the bill in the appropriations committee, which finally sent it to the Senate floor by the narrowest margin, one vote. This bill allowed the president to establish the Works Progress Administration under Harry Hopkins.

That same year President Roosevelt, incensed by the adverse rulings of the Supreme Court, initiated a new round of "must" legislation that became known as the Second Hundred Days. Byrnes approved of and worked for these legislative requests. In the area of civil rights Byrnes followed the dictates of his southern ambience. He fought all attempts to enact an antilynching bill, which Roosevelt never considered "must" legislation. In 1935, Byrnes and other southern senators prevented the passage of this bill by engaging in a filibuster, and the next year he blocked the passage of a resolution providing funds for a lynching investigation.

In 1936, Roosevelt again relied upon Byrnes for advice and help in preparing for the Democratic National Convention. The senator interrupted his own reelection campaign plans to discuss with the president convention strategy. While a member of the platform committee in Philadelphia, Byrnes unsuccessfully tried to defeat the adoption of a motion to abrogate the two-thirds rule. This rule, which had required a two-thirds majority of the delegates before a candidate could win the presidential nomination, had previously given the southern delegates a virtual veto over the selection of the candidate, and Byrnes was worried about the consequences for the South once this rule was amended to require only a simple majority.

After Roosevelt's renomination Byrnes returned to South Carolina, where he faced two opponents in the primary. His opponents damned the "radicalism" of the Congress, denigrated federal intrusions into areas of states' rights, raised the specter of race, and tried to convince the voters of Byrnes's complicity in these "travesties." Byrnes, nevertheless, easily won renomination, receiving 87 percent of the votes.

"Happy Days" were indeed here again for the president, as he swamped Alf Landon, the Republican nominee, in

the November election. But the New Deal had peaked; in the second term the relationship between the executive and the legislative branches would revert to the almost adversary roles of more normal times. The rift within the ranks of the congressional Democrats, inchoate before 1936, widened with the more conservative Democrats, usually from the South, and the Republicans forming an amorphous coalition. The relationship between Byrnes and Roosevelt was a microcosm of the tension between president and Congress.

During the Great Depression Roosevelt and Congress provided a variety of programs that mitigated, to a certain extent, the severity of the economic crisis. Many Democrats and Republicans thought Roosevelt had already asked for enough programs for relief, and they believed that it was time for the country to mend itself. In February 1937, the president undermined his own relationship with Congress by asking for legislation to increase the number of Supreme Court justices. Since 1935, Senator Byrnes had spoken against the Court's "legislating by a majority of five." Thus, the senator supported the president's Court "packing" plan. But the plan split the Democratic ranks in the Senate, and Roosevelt finally had to admit defeat.⁸

Byrnes had grown anxious about the continued expansion of the federal government and such social groups as labor unions. Furthermore, the New Deal had transformed the Democratic party; it now drew much of its support from northern urban areas. Byrnes translated this anxiety into parliamentary maneuvers to delimit the growth of these countervailing powers.

In 1937, he sponsored an amendment to outlaw all sitdown strikes; it did not pass. But the major rift between Roosevelt and Byrnes appeared during consideration of the appropriation bill for the Works Progress Administration (WPA). In June the House passed a \$1.5 billion appropriation bill for the WPA and sent it to a smoldering Senate. Many conservative and moderate senators believed it was time to balance the budget, and some feared that Roosevelt might form a potent political machine from the workers on WPA payrolls.

The WPA, Byrnes reasoned, ministered only to the jobless without attacking the structural causes of unemployment. As chairman of the appropriations subcommittee on relief, Byrnes tried to mold the WPA appropriation bill to effect a reduction in the amount of relief spending. When he failed to win enough support to slice \$500 million from the bill, he secured the approval

of the appropriations committee for a bill that would require local relief agencies to contribute 40 percent of the cost of the local WPA projects. This would allow the president to intervene if the local agency took a pauper's oath, and would limit administrative costs to 3 percent of the total expenditures.

On the Senate floor Byrnes and Majority Leader Joseph T. Robinson proposed an amendment, requiring only a 25 percent local contribution and removing the pauper's oath, in an attempt to win more votes. The administration had the votes and defeated these attempts to reduce the relief appropriation. Byrnes and other southern senators objected to this large relief bill because much of the money went to northern urban areas and some of the funds to indigent blacks. He also opposed the fair labor standards bill that proposed to set minimum wages and maximum hours, and to end child labor.

Concurrently with the president's problems with the renewed assertiveness of the Congress, the "Roosevelt recession" left him and many politicians perplexed and uncertain about what to do to correct the economic decline. The recession emboldened the conservatives, who drafted and circulated a conservative manifesto. Byrnes, who took no part in the machinations swirling around the

manifesto, wanted no overt break with the president. The senator still regarded himself as a moderate, hoped to effect a reconciliation between those of the right and of the left, and guarded his prerogatives as a man independent of both factions.

The following year, 1938, continuing his eclectic support of the New Deal, Byrnes was the floor leader of the administration's executive reorganization bill, which passed the Senate but not the House. But when the Senate considered the revenue bill, Byrnes, along with Senator Pat Harrison of Mississippi and Vice-President John Nance Garner, dealt the administration a severe blow by spearheading repeal of the undistributed-profits tax and lowering of tax rates on business. During a filibuster against another antilynching bill, Byrnes accused Walter White, executive secretary of the National Association for the Advancement of Colored People, of dictating to Northern Democrats. The approaching fall elections and the persistent recession caused Byrnes and other economy-minded senators to vote for Roosevelt's pump priming legislation. Yet, Byrnes refused to back the president's ill-conceived attempts to "purge" recalcitrant Democrats in the 1938 primaries. A vast majority of the purge attempts failed; Roosevelt only succeeded in exacerbating the liberal-conservative split within the party.

As James T. Patterson has argued, the year 1939 marked the zenith of the conservative coalition. Byrnes and other Democratic senators, like Alva Adams of Colorado, Harrison, and Alben Barkley of Kentucky, joined with conservatives in the House in slashing millions of dollars from the president's relief requests. Recognizing that unemployment was a permanent problem, Byrnes advocated increased social security and unemployment benefits to ameliorate the living conditions of those people out of work. And Byrnes finally won acceptance of the executive reorganization plan.⁹

As Congress battled Roosevelt to a standstill on domestic policy, events abroad compelled a shift in Americans' attention from domestic to foreign affairs. This was when the president regained many of his erstwhile supporters. During the 1930s, Byrnes traveled in the Far East and in Europe; he had witnessed the 1937 Nazi rally in Nuremberg, Germany. The military buildup in Japan and Germany troubled Byrnes, and he was suspicious of the designs of these countries. For these reasons, in 1939, Byrnes forgot the domestic differences he had had with Roosevelt and gave his support to the national defense program.

As chairman of the naval appropriations subcommittee, he pushed through increased funds for naval construction.

More importantly, he and Secretary of Agriculture Henry Wallace drafted a barter arrangement providing for the shipment of federally-owned wheat and cotton to Great Britain for tin and rubber. This deal was one of the senator's major accomplishments and was an important step in the direction of Anglo-American rapprochement. But Congress adjourned that summer before acting on Roosevelt's request to revise the neutrality act. The arms embargo provision of the neutrality act required the president to prohibit all arms sales to nations in a state of belligerency.

On September 1, 1939, Germany attacked Poland. Two days later Great Britain and France declared war on Germany. The long-smoldering European crisis had finally erupted into world war. Roosevelt, upon learning of the invasion, decided to call a special session of Congress. Before announcing the session, he had his congressional leaders survey members of Congress to determine the likely fate of a request to revise the neutrality act. Byrnes and others made extensive use of long-distance telephone calls to gauge congressional sentiment. To strengthen the leadership in the Senate, Roosevelt made Tom Connally of Texas the manager of the repeal of the arms embargo and Byrnes a floor leader.

On September 20, Byrnes and other prominent Democrats and Republicans met with the president. Roosevelt announced his intention to replace the arms embargo with cash-and-carry restrictions. Cash-and-carry meant any country could buy arms if they could also provide their own transportation; this provision would obviously favor Great Britain and France. When the president asked Congress to repeal the embargo the next day, he based his request on a disingenuous argument: the cash-and-carry provision was needed to keep the United States out of the war. Not once did he enunciate his deep concern for the fate of England and France.¹⁰

Throughout September and into October the neutrality bloc--an amorphous group of pacifists, "isolationists," proponents of national defense, and special interest advocates--battled the administration for the support of public opinion. During this legislative struggle Byrnes again proved his political acumen. He acted as whip, marshaled the pro-administration votes to defeat crippling amendments, and explained the necessity of repeal to a nationwide audience listening to the Herald-Tribune Forum. On November 4, Byrnes was present at the signing of the bill into law. The special session maneuvering illustrated the renewed, close relationship between the presi-

dent and Byrnes. And this was to continue throughout the war years. Following his Thanksgiving vacation at Warm Springs, Roosevelt stopped at Spartanburg, acknowledging Byrnes's support for his program.

During the next year, 1940, Byrnes remained an administration stalwart. He helped to push through increased appropriations for the Navy Department, and fought for the extension of the Reciprocal Trade Agreements Act. Furthermore, he was one of five congressional leaders to discuss with Roosevelt the exchange of American destroyers for British bases in the Caribbean and the North Atlantic. And he worked for the draft bill.

To many, the outbreak of war meant that Roosevelt had to seek a third term in 1940, and Byrnes thought so too. In January 1940, he advised Roosevelt that he would have to be a candidate for reelection for that reason. Roosevelt considered the South Carolinian one of the top choices for the vice-presidential nomination. Nonetheless, Byrnes declined all of Roosevelt's intimations about the second spot on the ticket. He was afraid that his Southern background and his religious conversion might adversely affect the campaign, which promised to be tight anyway. As a member of the platform committee, Byrnes devised a compromise foreign policy plank acceptable to

both Roosevelt and the noninterventionist Democrats. He also helped to assuage the hard feelings after Roosevelt named Wallace as his running mate. The senator actively campaigned for the president in the fall.

The following January, determined to extend more aid to the Allies, Roosevelt sent to Congress the "lend-lease" bill, H. R. 1776. Roosevelt had Byrnes and Carter Glass appointed to the Senate Foreign Relations Committee in order to counterbalance the obstreperous noninterventionist minority. In fact, Byrnes played a major role in the management of the lend-lease bill in the Senate.¹¹

But the president soon lost Byrnes's skills on the Hill. On June 12, 1941, the Senate unanimously confirmed the nomination of James Byrnes to the United States Supreme Court. Roosevelt nominated Byrnes as a reward for his invaluable service in the Senate. By this time he was one of the two or three most influential Democrats in the Senate. He was a master of the art of politics, who combined intelligence and a charming personality with a penchant for hard work. He was more conservative than Roosevelt and remained devoted to the South. A white supremacist, he hoped to keep civil rights issues out of national politics. In short, he was a consummate politician and was invaluable to Roosevelt during much of the New Deal and all of the national defense period.

NOTES TO CHAPTER I

¹Samuel Eliot Morison, The Two-Ocean War (Boston, 1963), pp. 56-69.

²James F. Byrnes, Speaking Frankly (New York, 1947), pp. 12-13.

³James F. Byrnes, All In One Lifetime (New York, 1958), pp. 147-48.

⁴For Byrnes's childhood and career prior to World War II, see: Winfred B. Moore, Jr., "New South Statesman: The Political Career of James Francis Byrnes, 1911-1941," (Ph.D. dissertation, Duke University, 1975); Robert DeVore, "Economic Czar 'Jimmy' Byrnes Is Popular Administrator," Washington Post, October 11, 1942; Delbert Clark, "Our No. 1 Stabilizer," New York Times Magazine, October 18, 1942; Walter Davenport, "The Non-Bureaucratic Mr. Byrnes," Collier's, January 30, 1943, pp. 11, 28, 29; Eliot Janeway, "Jimmy Byrnes," Life, January 4, 1943, pp. 62-64ff.; Joseph Alsop and Robert Kintner, "Sly and Able," Saturday Evening Post, July 20, 1940, pp. 18-19ff.; Don R. Elliott, "James F. Byrnes: The Congressional Period," (M. A. thesis, Duke University, 1950); Byrnes, Speaking Frankly; Byrnes, Lifetime; Raymond Moley, The First New Deal (New York, 1966), pp. 365-68; George Curry, James F. Byrnes (New York, 1965), pp. 87-104.

⁵Alsop and Kintner, "Sly and Able," p. 42.

⁶Moore, "New South Statesman," pp. 28-37.

⁷Congressional Record, 66th Cong., 1st sess., August 25, 1919, pp. 4304-05.

⁸Byrnes, Lifetime, p. 97.

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⁹James T. Patterson, Congressional Conservatism and the New Deal (Lexington, 1967), pp. 136-37.

¹⁰Robert Divine, The Illusion of Neutrality (Chicago, 1968), p. 297.

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CHAPTER II A HAPHAZARD APPROACH TO MOBILIZATION

Before examining Justice Byrnes's activities on behalf of the president and the subsequent creation of the Office of Economic Stabilization, it is necessary to review the mobilization effort. The analysis will demonstrate the need for a new agency and the limitations placed on the agency by the existing mobilization structure. For a representative government, the conversion of a peacetime economy to total war required profound changes in the life of the nation. Clashing economic, political, and social groups demanded recognition when the government reordered the economic and social affairs of its people. Roosevelt felt all these conflicting pressures, and more. The president, notorious for his unorthodox administrative procedures, utilized various pre-Pearl Harbor mobilization agencies to propitiate friends and foes to the need for some regulation of the economy, to establish a modicum of unifying control over military procurement, and to preserve authority for mobilization in his own hands for personal and political reasons. In addition to the inherent problems of mobilization, Roosevelt had yet to

decide what course America should pursue when the war erupted in 1939.¹

In August 1939, Roosevelt established the War Resources Board (WRB) and named Edward R. Stettinius, Jr., of the United States Steel Corporation as chairman. Stettinius appointed businessmen to the board. With the advice and guidance of Bernard Baruch, a prominent leader of the World War I mobilization experience, the board modified the army's Industrial Mobilization Plan. On October 12, the WRB submitted to Roosevelt a report stipulating that the emergency powers of the president could be administered by either of the following methods: by a superagency with near total control over the economy, or by a limited number of agencies, each with a specific responsibility, that would attempt to coordinate their activities, with the president settling any dispute. In November Roosevelt buried the plan and disbanded the WRB. He had no intention of turning the mobilization effort over to any one person; and he did not believe the economic conditions warranted stringent controls. Furthermore, Roosevelt, wary of criticism of his foreign policy, did not want to establish any mobilization agency that the noninterventionists could decry as a step toward war.

In the spring of 1940, the sitzkrieg abruptly ended in the unnerving German onslaught on Western Europe. Almost all Americans, even many of the so-called "isolationists," united in support of the president's expanded national defense program. And many criticized Roosevelt for not doing enough to increase American defenses. The mobilization effort had no centralized control. Finally, in May Roosevelt moved to alleviate the confusion in the defense program. He now activated the Office of Emergency Management (OEM), which had been created by an executive order in September 1939. The OEM became the parent office for the next series of defense agencies and served as Roosevelt's link with these agencies. Next, on May 28, the president revived the seven-member advisory commission to the council of national defense, a statutory holdover from World War I. Each member was responsible for a specific area of the defense program. The key members were Willian Knudsen of General Motors responsible for industrial production, Sidney Hillman of the Amalgamated Clothing Workers for employment, Stettinius for industrial materials, and, later, Donald M. Nelson of Sears, Roebuck for the coordination of defense purchases.

The advisory commission, a faltering step toward more coordinated control of the economy, suffered from its

ambiguous legal authority and the failure to make one man responsible for its overall functioning. Nevertheless, some progress was made. By the end of the year Nelson and Knudsen, as members of the Priorities Board, were exerting some control over the order of completion of defense contracts. To encourage businesses to participate in the defense program, the advisory commission approved the five-year amortization plan that was devised by Leon Henderson and Nelson. The lure of large profits, Roosevelt hoped, would entice businessmen out of the prevalent "business-as-usual" mentality. But attributable to the large pool of unemployed and idle production facilities, defense production was superimposed on civilian production until 1942.

The advisory commission did plan the large expansion of industrial facilities. But Knudsen ignored small business concerns and was reluctant to compel large manufacturing plants to convert to defense production. The commission failed to coordinate production requirements. Once safely reelected, Roosevelt replaced the makeshift commission with the Office of Production Management (OPM) and, later, the Office of Price Administration and Civilian Supply (OPACS).²

The OPM, incorporating much of the staff and the functions of the commission, reflected Roosevelt's

realization of the need for more centralized control of the economy. He still resisted delegating the responsibility to a single person, appointing Knudsen as Director General and Hillman as Associate Director General. The OPM council--Knudsen, Hillman, Secretary of War Henry Stimson, and Secretary of the Navy Frank Knox--was designated as the policy-making body. Production and related problems concerned the OPM which Roosevelt empowered to survey, analyze, and summarize military and other requirements. The OPM had no authority to determine these requirements or to let contracts. In 1941, its Production Planning Board did formulate the first overall statement of defense and foreign aid requirements.

By April 1941, it had become obvious that some controls had to be imposed on civilian prices and civilian production. The president established the OPACS to control price levels of civilian goods and to insure equitable distribution of these goods. Leon Henderson, the OPACS administrator, soon realized that civilian production siphoned off too large a proportion of the available raw materials. He advocated reducing the quantity of consumer goods.

The ambiguous division of authority between the OPM and the OPACS caused needless confusion in the mobiliza-

tion program. Roosevelt and Samuel I. Rosenman, a presidential confidant, decided that one agency should be responsible for all supply and priority decisions. In late August the president created the Supply Priorities and Allocations Board (SPAB) with authority to decide policy and to coordinate the entire defense program. Able to issue directives to the OPM and the OPACS, the board had the following members: Vice-President Henry Wallace, chairman; Stimson; Knox; Knudsen and Hillman of the OPM; Leon Henderson of the OPACS; and Donald Nelson, executive director.

Despite the confusion which resulted from the imprecise jurisdiction of its top administrators, the SPAB did make some contributions to the mobilization effort. The SPAB, created because of the priorities mess, divided the available supply of materials among military, foreign aid, and civilian requirements. This top-level policy board emphasized the need for total economic mobilization, began to compile the requirements of the munitions program, and studied the shortages of strategic and critical materials.

After Pearl Harbor drastic changes had to be made in the mobilization structure. Confusion, divided authority, and allocation and distribution problems had plagued the

defense program since its inception. Instead of empowering one agency with the requisite authority, Roosevelt, responding to each new crisis, had constructed a jerry-built hierarchy of agencies. And the defense effort suffered because of the lack of coordination, centralization, and planning. Until the middle of July 1941, the military services had awarded 75 percent of their contracts to only fifty-six companies. And these companies viewed the contracts as a means to supplement civilian production.

While Knudsen ignored idle small businesses, large corporations that accepted defense contracts waited for the government to finance the construction of new facilities. The civilian agencies had little control over the procurement activities of the military services. The military retained control over the priorities system that proved to be unworkable.³

As if the confusion and conflicts in the production program were not enough to force a reorganization of the administrative structure, Roosevelt, following the Arcadia conference with Prime Minister Churchill in December 1941 and January 1942, had to raise the production goals substantially. Discussions with Churchill, British and American economic advisers, and the military advisers of both countries about the size of the American production

effort compelled the president to announce huge production goals in his 1942 state of the union message. On January 6, he exhorted the American people to produce 60,000 planes, 25,000 tanks, 20,000 antiaircraft guns, and so on. This stupendous production program would cost \$56 billion. The size of this program staggered the imagination; before Pearl Harbor the total defense expenditures were less than \$20 billion.⁴

By now, Justice Byrnes had become the president's ombudsman. He had already advised Attorney General Francis Biddle about legislation, government reorganization, and executive orders. As early as December 1941, Chief Justice Harlan Fiske Stone had complained about Byrnes's handling of executive matters; Stone was concerned about the possible effect of his activities on the work and reputation of the Court.⁵ Shortly after the first of the new year, 1942, Byrnes collaborated with Harry Hopkins, who was the most intimate adviser to the president during the war years, and Budget Director Harold Smith to persuade Roosevelt that it was now time to revamp the home front command.

During a telephone conversation with Hopkins in early January 1942, Byrnes voiced deep concern about the confusion in the mobilization effort. At Hopkins's request he

prepared a memorandum in which he argued that the president must now delegate to one man the responsibility for supervising and expediting war production. This, Byrnes contended, could be done "without burning down the house." He thought one person, responsible for allocation and supervision, could allow the military and civilian agencies to state their own needs and would then have to intervene only when conflicts arose. And this man must supervise the procurement agencies to make certain that production schedules were met. Byrnes commented that the appointee, who would be in a crucial position, should already be familiar with the mobilization effort. Hopkins welcomed these suggestions, promising to discuss the memorandum with Roosevelt that weekend at Hyde Park.

Monday morning, January 12, 1942, General Edwin "Pa" Watson, a presidential aide, informed Byrnes that the president wanted to see him at 11:45 A.M. Byrnes hurried to the White House and met first with Hopkins. Hopkins recounted his conversation with the president, telling Byrnes of Roosevelt's irritability when he, Hopkins, had broached the subject of a change in the mobilization structure.

During his conference with the president, the justice handed him his memorandum and argued that an immediate

change was imperative. When Roosevelt mentioned the possibility of creating another committee, Byrnes told him that there had been "too many committees, too much debate, and too little action." Roosevelt told him that he had almost come to a decision to make one man responsible for production and that if he did, he would probably appoint Donald M. Nelson, executive director of the SPAB. Later that afternoon Roosevelt read and discussed this memorandum with Harold Smith; both of them agreed with the justice's arguments.

Roosevelt now definitely decided that some change had to be made and wanted a statement prepared to announce the establishment of the War Production Board (WPB) with Nelson as its chairman. The next morning, January 13, Byrnes brought to the White House a draft of the announcement. Meeting in Hopkins's bedroom, Byrnes, Smith and Hopkins made a few minor revisions in the proposed statement, decided that Roosevelt should release it later that day, and discussed the possibility of having the president appoint William Knudsen, whom Nelson was supplanting as production czar, as an army officer in charge of expediting war orders. After some discussion they concurred that Nelson would probably be the best choice. Nelson, they reasoned, understood how procurement functioned, and

his limitations were known, whereas a new man would be an unknown quantity. As the meeting neared its conclusion, Prime Minister Winston Churchill, wearing a "siren" suit, joined the group. Introductions were made, and Byrnes and Smith retired, allowing Hopkins and Churchill to discuss the international aspects of the war.⁶

Roused to action by his advisers, war conditions, criticism, and production lags, Roosevelt created the WPB and appointed Donald Nelson as chairman. He delegated to the WPB all of his powers over industry, production, raw materials, priorities, allocations, and rationing. Responsible for procurement and production, Nelson was given unprecedented power to supervise procurement and production programs, to decide industrial expansion, and to devise contracting and requisitioning plans. Only price control eluded Nelson's grasp.⁷

As with any organization, the effectiveness of the WPB depended upon how Nelson viewed his position, what policies, decisions, program determinations he made, and how forcefully he followed through on his decisions. Furthermore, regardless of how much authority he had, Nelson was restricted by the inertia of previously institutionalized mechanisms operating in the procurement, production, and manpower sectors of the mobilization process.

Much has been written about Nelson and his personality characteristics. Amiable, gregarious, and kind, Nelson used his good-naturedness well during the early stages of mobilization. Then he had lacked the authority; he relied on persuasion to move industry into the war production program. As head of the WPB, he had the authority and the responsibility but failed to move as resolutely as necessary. Without the requisite force and drive Nelson let other administrators preempt much of his authority. Before long Nelson, instead of being the czar of production, was only one administrator among many equals.

Nelson's first priority was to end nonessential production, but he and the businessmen in the WPB did not issue orders limiting nonessential production until the late spring and summer of 1942. Nelson next tried to reassert control over the allocation of such resources as copper, aluminum, and steel. Unable to solve this grievous problem, he recruited Ferdinand Eberstadt, former New York investment banker and member of the Army and Navy Munitions Board. Eberstadt devised the Controlled Materials Plan which required each claimant agency--the armed services, the Maritime Commission, lend-lease, and the Office of Civilian Supplies--to submit its needs of each

scarce material. Then the WPB allocated a share of the materials to each agency which, in turn, distributed these to their prime contractors. This plan, which became fully operational in 1943, did not allow Nelson to exert any real authority over the procurement activities of the army and the navy. By allowing the army's Services of Supply, later named the Army Service Forces, to control procurement requirements, Nelson failed to achieve his first responsibility: he did not adequately coordinate productive resources with the strategic requirements.⁸

While the military retained control over procurement, Nelson abdicated his authority in other vital areas. He never did have authority over the OPA. When crises erupted during 1942, he acquiesced in the creation of independent czars. In April Roosevelt created the War Manpower Commission (WMC) and appointed Paul McNutt, former governor of Indiana, as chairman. Later that year, after the synthetic rubber program floundered, William Jeffers, president of the Union Pacific Railroad, became Rubber Director and was independent of Nelson. Price control, manpower supervision, and the synthetic rubber program were crucial elements of the mobilization effort and should have been in the purview of the WPB. By 1943, it was obvious that Roosevelt still had not found

one man who could supervise and coordinate mobilization in all its variegated ramifications.

But before the president moved again on the production front, he had to resolve the imminent and serious threat to the war effort: the problem of economic stabilization. By the spring of 1942, the potential ruinous threat of inflation forced Roosevelt to confront the necessity of imposing economic controls on wages, salaries, consumer prices, and farm commodity prices. The entry of America into the war had exacerbated inflation. Prior to December 1941, Roosevelt, not wanting to antagonize labor and other supporters, displayed only halfhearted interest in inflation controls. All groups wanted inflation reined in, but without jeopardizing any of the short-run benefits inflation provided them. The major farm organizations opposed farm price controls; labor resisted wage rate ceilings while profits and prices increased; and manufacturers wanted to avoid higher taxes.

Roosevelt created by executive order the Office of Price Administration and Civilian Supply, under Leon Henderson, on April 11, 1941. Established to control prices, the OPACS had little real authority to do so and had to rely upon ineffective "jawboning." This agency formulated a program which the president submitted to

Congress in July 1941. He asked for legislation to control prices, rents, and installment credit. The Office of Price Administration (OPA) came into existence when the OPM took over its civilian supply function in August 1941. But the OPA, obviously, did not have the requisite authority to control inflation. During 1941, the cost-of-living index advanced at an average rate of 1 percent per month; wholesale prices had increased by more than 1 percent per month; farm prices by at least 25 percent; and wages, salaries, and income payments by 20 percent.⁹

If the president displayed little disposition to impose across-the-board controls, neither did Congress. And because there was no such stabilization, the administration had to resort to what Bernard Baruch called "piecemeal price fixing." The Emergency Price Control Act, which Roosevelt signed in January 1942, exemplified this approach. The act gave statutory authority to the OPA; it authorized the use of subsidies to obtain maximum production, but not for preventing consumer price increases. The price administrator, Leon Henderson, was empowered to establish maximum prices, generally at the level prevailing between October 1 and October 15, 1941. Congress limited his authority to control farm prices, stipulating that ceilings could not be placed on agri-

cultural commodities at a level below 110 percent of parity price or higher depending upon the commodity. In effect, this act allowed inflation to continue. Parity price for a commodity was supposed to return to the farmer an income equivalent to that of farmers for the period 1909 to 1914.¹⁰

Soon, the defects in the stabilization program became evident. Throughout 1942, the administration had to hold farm prices below the legal levels by selling government-owned supplies of grains and cotton. Other problems plagued the administration's efforts. Roosevelt had yet to find an acceptable solution to wage controls. In March 1941, attributable to the increasing numbers of strikes, Roosevelt established the National Defense Mediation Board (NDMB), a tripartite panel responsible for keeping labor peace. It was ill-equipped to handle the complex problems besetting labor: management hostility, jurisdictional disputes among affiliates of the American Federation of Labor (AFL) and the Congress of Industrial Organizations (CIO), and the touchy problem of union security. No administration labor policy had been articulated; the NDMB vacillated on the issues of the closed and open shop and of maintenance of membership. By the time of the attack on Pearl Harbor, the NDMB had col-

lapsed. America's entry into the war moderated for a time the smoldering hostility between labor and management. In December Roosevelt extracted a "no-strike, no-lock-out" pledge from a management-labor conference held in the White House. The president, on January 12, 1942, established the National War Labor Board (WLB), another tripartite panel--with representatives of labor, management, and the public--charged with the authority to settle labor disputes.¹¹

In March 1942, he formed a committee of his top economic advisers--Treasury Secretary Morgenthau, Wallace, Budget Director Smith, Henderson and Marriner Eccles of the Federal Reserve Board--to explore means to halt the inflationary spiral. These advisers, except Morgenthau, advocated a program including a wage freeze, a sales tax, compulsory lending (a plan to levy heavy income tax on individuals with a partial refund after the war), and a lowering of income tax exemptions. The disgruntled Morgenthau countered with a plan based on the enactment of the Treasury tax bill (which would obtain more revenue by ending tax-exempt bonds and the oil-depletion allowance; and from higher individual and corporate income tax rates), a lid on prices, and a program of strict rationing.

Despite the spirited opposition of Smith, Eccles, and Wallace, the president incorporated the essence of the Treasury proposal in his address about inflation on April 27, 1942. Roosevelt's seven-point program for stabilization included the following recommendations: increased taxes; establishment of ceilings on prices and rents; stabilization of wages and farm prices; rationing of scarce, essential commodities; and encouraged voluntary savings and payment of debts.¹²

This message prodded the WLB and OPA into action. In July the WLB promulgated the "Little Steel" formula to settle a dispute between the United Steelworkers of the CIO and the Bethlehem, Republic, Youngstown, and Inland steel companies. Because the cost of living had climbed 15 percent from January 1 to May 1942, the WLB decided the steelworkers were entitled to a 15 percent increase in hourly wage rates, minus the size of any pay increase granted within that time period. For a time the Little Steel formula satisfied labor because the WLB had authority only over disputes that the United States Conciliation Service did not settle. Without a congressional mandate the WLB imposed only a tenuous ceiling on wages; one that labor would attack as the corollary inflation controls--price ceilings, taxation, and salary controls--faltering during the summer and fall of 1942.¹³

Attempting to implement Roosevelt's mandate for price stabilization, the OPA, on April 28, 1942, issued the General Maximum Price Regulation which set ceiling prices for almost all consumer goods at the level of the highest prices charged during March 1942. But the "General Max" did not affect the prices of agricultural goods exempted by the 110 percent parity restrictions. Furthermore, the OPA found that it had to increase the ceiling prices of some goods (such as canned fruits and vegetables) because certain wholesale prices were then higher than the March retail prices of the same commodities. In addition to the confusion resulting from the attempt to impose price ceilings, the OPA was stumbling through a series of internal reshufflings in an effort to find a suitable structure to deal with price controls, rationing, and enforcement of regulations.¹⁴

These "piecemeal" controls were unable to check the inflation, as the cost-of-living index steadily rose during the spring and summer. Congress, interest groups, and the public railed at the haphazardly administered ceilings and rationing. They demanded action; Roosevelt moved hesitantly. He considered creating a single agency with authority to supervise the battle against inflation. After discussing stabilization with Henderson, Baruch,

Sidney Hillman, and Wayne Coy of the Budget Bureau, Roosevelt tentatively concluded to appoint an inflation coordinator.¹⁵

The rivalries and disputes in which Roosevelt had reveled during the New Deal years now prevented the attainment of a consensus on a policy for inflation control. While the OPA and the WLB battled over the wage stabilization program, Roosevelt waited for Congress to act upon his April 27 recommendations. In July he directed Samuel Rosenman to draft an executive order that would set policy for wage stabilization and price control, especially farm prices. David Ginsburg, general counsel of the OPA, submitted to Rosenman a draft order, embodying the OPA position; the OPA wanted a new administrative board to determine wage policy and the authorization for the use of subsidies to hold down prices.

Roosevelt solicited the advice of Justice Byrnes. On July 24, he advised the president that the OPA draft was an acceptable alternative within the limits of existing law. Byrnes submitted a proposed presidential message to Congress that could be used to justify the issuance of the executive order without waiting for a congressional mandate. But the justice, who was working closely with Assistant Solicitor General Oscar Cox, cautioned

Roosevelt to avoid trying to set specific, maximum wage rates in the order. The director of the new agency, Byrnes urged, should have the responsibility of determining wage stabilization policy. And he thought the director should decide policy and should supervise the administration of this policy by the existing agencies. That same month Byrnes attended a White House conference during which some congressional leaders told Roosevelt that he should establish a comprehensive economic stabilization program by executive order. They thought that Congress would require at least three months to pass the legislation. But Byrnes thought that the president should still demand such action from Congress.¹⁶

The staff of the Budget Bureau objected to the OPA draft, primarily because Congress had prohibited the use of subsidies as a means to control prices. More meetings were held by the exasperated Rosenman, who became disgruntled with the divisiveness within the administration. Rosenman and the staff of the Budget Bureau prepared new drafts of the order, which they circulated among the executive departments. They advocated the creation of an "Economic Stabilization Authority." Its director would stabilize wages at about the real wage rates of January 1, 1941, and would fix farm price ceilings below the 110 per-

cent of parity price. Furthermore, the "Authority" would formulate a national stabilization program, including tax policy.¹⁷

The pervasive sweep of this draft caused problems. Especially jealous and protective of their prerogatives were Morgenthau and his staff. After studying a copy of the proposed order, Treasury officials complained to the president and Rosenman that their department should be completely exempt from the purview of the proposed agency. Others offered revisions as well. Rosenman met with Attorney General Biddle and others, making final revisions in the draft.¹⁸

Once the newspapers printed stories intimating the substance of the plan to create an overall coordinating agency, Roosevelt had to meet with representatives of special interest groups, particularly those from labor and farm organizations. For the most part, these spokesmen hoped stringent regulations would not be imposed on their constituents. The president himself vacillated as to what procedure he would follow. Most of his advisers urged him to forget about Congress and to issue an executive order. Others, like Hopkins, Henderson, and Byrnes, advised him to send an ultimatum to Congress, demanding a congressional mandate to control farm prices and to

stabilize wage rates and threatening to issue an executive order if this was not done by a certain date.

For ten days prior to September 7, the date on which he would deliver his Labor Day address, Roosevelt worked on various drafts of a speech that would announce the establishment of a new agency to supervise economic stabilization. On Thursday night, September 3, 1942, the president and his retinue departed the White House for Hyde Park, where he would finish both his message to Congress and his fireside chat. Meanwhile, Rosenman had continued to meet with Biddle and other staff members from the Justice Department and the Budget Bureau. A draft of an executive order which would have announced the creation of a powerful new agency to coordinate the anti-inflation program, accompanied the president to Hyde Park. Many of Washington officialdom thought that the president would bypass Congress and would issue an order. But the arguments of Hopkins, Henderson, and Byrnes finally convinced him that he should again demand congressional action before he unilaterally imposed restrictions. Their advice was well-founded. Regulation of wages, salaries, prices, and rents would touch everyone, and the program would certainly be difficult enough to administer even with congressional approbation.

The president's days at Hyde Park were particularly hectic. As always, the speech-writing process was characterized by frenetic activity: drafts, revisions, and relays of changes to the secretarial pool. And Roosevelt, often exasperated by the minutiae, found delight in teasing the secretaries as to the meaning of certain typing errors. He, for instance, insisted that the word he had dictated was "whittling," not "shittling." On September 7, 1942, he presented his stabilization program to Congress and the nation.¹⁹

The president laid much of the blame for the continuing inflation on the legislators who were unwilling to vote for adequate tax and farm price control bills. The stabilization program, he asserted, had been undermined by the inflationary cycle: excess purchasing power chasing a decreasing supply of civilian goods which pushed prices higher and which, in turn, stimulated demands for larger wage rates. Calling for sacrifices from all Americans, he urged the enactment of a balanced program--wage and salary controls, realistic farm price ceilings, and adequate taxation--to halt the inflationary spiral. Roosevelt, declaring that inflation had reached a crucial stage, warned Congress that if it did not act by October 1, less than a month's time, he would effect a program by executive order.²⁰

Unhappy with the tone and the substance of the message, legislators returned to Washington and started in motion the legislative machinery. Back at the White House, Roosevelt met with congressional leaders on several occasions to discuss the substance of the stabilization bill. At first, he and his advisers hoped that Congress would delegate to him all-inclusive authority in the form of a resolution directing the president to stabilize the cost of living, notwithstanding the provisions of all laws. Following a White House conference on September 11, Senator Alben Barkley told the press that Roosevelt would not insist upon a blanket delegation of power as long as he received the requisite authority to effect a stabilization program. That weekend, September 12 and 13, Barkley determined that the prospects were not good for the quick passage of a blanket grant of authority. So the congressional leaders decided to pass a bill that would establish wage and price guidelines.²¹

Once again the power of the farm bloc had to be reckoned with; farm spokesmen, who were opposed to any reduction in the 110 percent of parity price provision, wanted the calculation of parity price to include the costs of farm labor. Farmers now had to pay higher wages because many farm workers had migrated to better paying

jobs in defense industries. War programs necessitated increased farm production which placed a premium on recruiting and retaining farm workers.

The House members proved receptive to the arguments of the farm bloc and most national farm organizations. The Farm Bureau, the National Grange, the National Council of Farm Cooperatives, and the National Milk Producers Association all lobbied for a revision in the method of computation of parity prices to include farm labor costs. This would have increased the level of farm price ceilings to 112½ percent of parity price. The House included this provision in the bill that was sent to the Senate; this version was certainly unacceptable to the president. Perhaps some members of the House voted for this farm price provision so that Roosevelt would have to invoke his war powers to control inflation. This would divest Congress of all responsibility for the tightening of controls on the economy and individuals. The Senate leadership proved more effective in blunting the power of the farm bloc. The Senate adopted a compromise provision directing the president to give adequate weight to increases in farm labor costs. And the House accepted this compromise.²²

While Congress wrangled over the stabilization bill, Roosevelt left the capital for a secret nationwide

inspection tour of defense plants. Harry Hopkins, who directed administration contacts with congressional leaders, kept him informed as to the progress of the bill.²³ As important as the stabilization bill was, the president also had to consider the substance of the executive order which would create the Office of Economic Stabilization (OES); and he mulled over whom he would name as director. Roosevelt had mentioned to Morgenthau the possibility of appointing Justice Byrnes as director, citing the judicial nature of the duties of the director. During September Rosenman conferred with agency and department heads in order to finalize the OES executive order. Byrnes, seeking relief from the hay fever season, was vacationing on Sullivan's Island, South Carolina, and had little input in the final revisions of the order.²⁴

Revision of the order continued until the night of October 2, when Roosevelt signed the stabilization bill. That night he assembled congressional leaders, Senators Barkley and Prentiss Brown of Michigan and Representative John McCormack; Secretary of Commerce Jesse Jones; Attorney General Biddle; Henderson; Budget Director Smith; William Davis, chairman of the WLB; Sam Bledsoe of the Department of Agriculture; Oscar Cox; Isadore Lubin, special statistical assistant to the presi-

dent; and Herbert Gaston of the Treasury Department. Later, Rosenman and Hopkins joined the conference. Discussing the stabilization bill, Roosevelt asked about the compromise provision on farm labor costs. The consensus of their advice was that the provision need not materially increase the ceiling price. Once the discussion was turned to the OES, Roosevelt stated that the director, "Mr. X," would determine what the anti-inflation program would be and how it would be implemented. Roosevelt did tell Gaston that tax policy would remain the sole preserve of the Treasury Department. In sum, everyone agreed that the bill delegated broad powers to the president, but they were doubtful that it would completely prevent further increases in the cost-of-living index.²⁵ Following the meeting, Roosevelt signed the Stabilization Act, an amendment to the Emergency Price Control Act of January 1942.

This act directed the president to stabilize wages, prices, and salaries as near as possible at the levels of September 15, 1942. Ceilings on agricultural commodity prices could not be set below the higher of two price levels: parity or the highest prices received by producers between January 1, 1942 and September 15, 1942. If Roosevelt literally followed the provision to weigh labor

costs, then farm price ceilings could possibly be raised as high as 112 percent of parity price. Furthermore, the law set as a floor on wages and salaries the highest levels between January 1, 1942 and September 15, 1942, below which wages and salaries could not generally be lowered. This law was a deterrent to inflation but presaged that the fight against inflation had yet to be won.²⁶

NOTES TO CHAPTER II

¹See: Eliot Janeway, The Struggle for Survival (New Haven, 1951); Donald M. Nelson, Arsenal For Democracy (New York, 1946); Bruce Catton, The War Lords of Washington (New York, 1948); James MacGregor Burns, Roosevelt: The Soldier of Freedom (New York, 1970); John Morton Blum, V Was For Victory (New York, 1976); John Morton Blum, Years of War, Vol. III of From the Morgenthau Diaries (Boston, 1967); Bureau of the Budget, The United States at War (Washington, 1946); Civilian Production Administration, Industrial Mobilization for War (Washington, 1947); Richard Polenberg, War and Society (Philadelphia, 1972); Donald H. Riddle, The Truman Committee (New Brunswick, 1964).

²Janeway, Struggle, pp. 163-65; CPA, Industrial Mobilization for War, pp. 31-32, 55-56.

³Riddle, Truman Committee, pp. 53-70.

⁴Burns, Roosevelt, pp. 190-93.

⁵Alpheus Thomas Mason, Harlan Fiske Stone (New York, 1956), p. 707, 713; Henry J. Abraham, Justices and Presidents (New York, 1974), pp. 214-16; Curry, Byrnes, pp. 97-98; Cassie Connor to Donald Russell, December 12, 1941, folder 158, James F. Byrnes Papers, Robert Muldrow Cooper Library, Clemson University, Clemson, South Carolina; Byrnes, Lifetime, p. 148; Byrnes, Speaking Frankly, pp. 13-14.

⁶Byrnes, Lifetime, pp. 149-51; Byrnes, Speaking Frankly, pp. 15-17; Robert E. Sherwood, Roosevelt and Hopkins (New York, 1948), pp. 474-77; "Notes by Byrnes," January 15, 1942, 1249, Byrnes Papers; JFB[yrnes] to HLH[opkins], April 1942 [?], "Supreme Court, 38-44," PSF 186, Franklin D. Roosevelt Library, Hyde Park, New York [hereafter cited FDRL], (This is a copy of Byrnes's January memorandum that has been dated incorrectly.); Harold Smith Diary, January 12, 13, 1942, Harold Smith Papers, FDRL.

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⁷Budget, United States at War, pp. 104-05; Herman Miles Somers, Presidential Agency; OWMR, The Office of War Mobilization and Reconversion (Cambridge, 1950), pp. 22-23; CPA, Industrial Mobilization for War, pp. 207-30.

⁸Polenberg, War and Society, Chapter 1; Blum, V Was, pp. 120-24; Janeway, Struggle, pp. 298-306.

⁹Budget, United States at War, pp. 56-57, 63, 235-36.

¹⁰Ibid., pp. 237-47.

¹¹Burns, Roosevelt, pp. 116-17, 194-97.

¹²Blum, Years of War, pp. 37-39; Budget, United States at War, p. 253.

¹³Polenberg, War and Society, pp. 25-26; Joel Seidman, American Labor From Defense to Reconversion (Chicago, 1953), pp. 55-131.

¹⁴Budget, United States at War, pp. 254-65.

¹⁵FDR to Wayne Coy, Box 2, OF 98, Leon Henderson Diary, June 5, 1941, "Memos to White House 1939," Box 36, Leon Henderson Papers, FDRL.

¹⁶Oscar Cox to Byrnes, July 23, 1942, "Stabilization of the National Economy--Executive Order I," Box 66, Oscar Cox Papers, FDRL; Cox to Byrnes, July 23, 24, 1942, "(June-Dec. 1942)," OF 98, FDRL; Byrnes to Roosevelt, July 24, 25, 1942, Memorandum, "Coombs--developments underlying the stabilization act of Oct. 2, 1942," 1246, Byrnes to Major Luther K. Brice, August 8, 1942, 109 (4), Byrnes Papers. While meeting his obligations on the Court, Byrnes continued to be involved in such problems as

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the future scope of the lend-lease program, the creation of the Office of Alien Property Custodian, the rubber-gasoline rationing controversy, the inchoate manpower crisis, and tax policy. Yet, Byrnes became more dissatisfied with his Supreme Court duties as the year progressed. Indeed, he confided to Senator Francis Maloney of Connecticut that since Pearl Harbor he had not been "very happy," had become "restless," and dearly missed the "excitement of Senate life." See: Oscar Cox to Byrnes, February 9, 1942, 1228, Byrnes to Roosevelt, January 21, 1942, Byrnes to Samuel I. Rosenman, May 28, 1942, with Byrnes to Roosevelt, January 8, 1942, 1211, Gene Duffield to James Forrestal, January 21, 1942, "WPB--Rubber," Packet 3, Byrnes to Roosevelt, August 27, 1942, 1291, Byrnes to Francis Maloney, March 20, 1942, 1271, Byrnes to Frank J. Hogan, February 2, 1942, 1262, Byrnes to Ernest L. Allen, February 16, 1942, 108 (1), Byrnes Papers; Harold Smith Diary, January 13, 1942, July 4, 1942, Smith Papers; Henry Morgenthau Diary, June 16, 1942, Book 514, Henry Morgenthau, Jr. Papers, FDRL; J. A. Hoyt to Fitz Hugh McMaster, March 17, 1942, 50, Box IV, J. A. Hoyt Papers, South Caroliniana Library, University of South Carolina, Columbia, South Carolina; Byrnes, Lifetime, pp. 151-53.

¹⁷ Budget, United States at War, p. 265; for a copy of the proposed executive order, see: Henry Morgenthau Diary, August 12, 1942, Book 558, Morgenthau Papers.

¹⁸ "Coombs" Memorandum, 1246, Byrnes Papers; Morgenthau Diary, August 13, 1942, Book 558, August 14, 1942, Book 559, Morgenthau Papers.

¹⁹ William Hassett Diary, August 29, 1942, September 3-7, 1942, William D. Hassett Papers, Manuscript Division, Library of Congress; Sherwood, Roosevelt and Hopkins, p. 631; Byrnes, Speaking Frankly, p. 17, Byrnes, Lifetime, p. 154.

²⁰ Samuel Rosenman, comp., The Public Papers and Addresses of Franklin D. Roosevelt, Vol. 1942 (New York, 1950), pp. 356-68 [hereafter cited PPA].

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²¹Oscar Cox Diary, September 8, 9, 10, 1942, Box 145, Cox Papers; Washington Post, September 9, 12, 13, 14, 1942.

²²Roland Young, Congressional Politics in the Second World War (New York, 1956), pp. 95-99; Washington Post, September 15, 18, 24, 1942; Budget, United States at War, pp. 265-71.

²³Harry Hopkins to Roosevelt, Telegrams, September 21, 22, 29, 30, 1942, Box 298, Sherwood Collection Group 24, Harry L. Hopkins Papers, FDRL.

²⁴Henry Morgenthau Presidential Diary, September 4, 1942, Book 5, Morgenthau Papers; Secretary to Byrnes to Robye Gibson, September 10, 1942, 117, Byrnes Papers.

²⁵Herbert Gaston to Henry Morgenthau, Jr., October 3, 1942, in Morgenthau Presidential Diary, Book 5, Morgenthau Papers.

²⁶Budget, United States at War, pp. 265-71; Washington Post, October 1, 2, 1942; New York World-Telegram, October 1, 1942.

CHAPTER III
THE OFFICE OF ECONOMIC STABILIZATION, TAXATION,
AND SALARY AND WAGE CONTROLS

Saturday morning, October 3, 1942, Roosevelt called Byrnes to the White House. Byrnes was ushered into the president's bedroom, where Roosevelt was sitting up in bed with newspapers and documents scattered about the spread. The president, as Byrnes has written, asked him to take a leave of absence from the Court in order to assume the directorship of the new agency, the Office of Economic Stabilization (OES). The justice already knew that he was in line for this position. In addition to the responsibility for devising policy for the battle against inflation, Roosevelt sketched for Byrnes his other duties. The president would give him authority to settle jurisdictional disputes within the executive branch and to handle other problems affecting the home front. Furthermore, the OES would be housed in the White House, symbolic of the importance that Roosevelt attached to it. Byrnes agreed to accept the appointment, and immediately resigned from the Court because he did not believe it would be proper to take a leave of absence.¹

Later that day Roosevelt promulgated Executive Order 9250, which created the Office of Economic Stabilization.

All responsibility and authority of the OES was centered in the director, James F. Byrnes. With the president's approval the director would formulate and would develop a national policy to control civilian purchasing power, prices, rents, wages, salaries, profits, rationing, subsidies, and related matters. The director was charged with preventing "avoidable increases in the cost of living" and minimizing unnecessary migration of workers from one business, industry, or region to another. Byrnes had authority to issue directives to department and agency heads in order to enforce his policy decisions. The administrative duties remained with the various departments and agencies.

The order provided a new procedure for stabilizing wages and salaries. All potential wage increases, even voluntary increases, now had to be submitted to the WLB for its approval before the increases could be granted. Roosevelt directed the WLB to hold wage rates at the levels of September 15, 1942, except for cases of inequities or substandard wages. If the WLB or the OPA believed a wage rate increase would result in a subsequent increase in a price ceiling, the OES director would have final authority to approve or disapprove the wage increase. Furthermore, only the director could approve salary

increases in excess of \$5,000 per year, unless raises involved a job change. Likewise, in order to equalize all Americans' contribution to the war effort, he was authorized to eliminate salaries that exceeded \$25,000 per year.

The executive order directed that in compliance with the Stabilization Act, farm prices and related commodities should be stabilized at the levels of September 15, 1942. The secretary of agriculture and the price administrator were to set and maintain jointly farm price ceilings, and the OES director was to resolve any disagreements between the two. In establishing and adjusting maximum farm prices, they were allowed to deduct all government benefit payments from parity prices. In addition to stabilizing the economy, price ceilings could be used to eliminate exorbitant profits. The director was authorized to direct any department or agency to use subsidies to maintain price ceilings, to prevent price increases, or to increase production. Finally, the order established an Economic Stabilization Board to advise the director.²

When the president described the duties and the responsibilities of the director, he stated that Byrnes would be the "Assistant President." Roosevelt exaggerated only a little. The creation of the OES was indeed a bold

step forward, one step away from the final organizational structure for the mobilization and supervision of the home front. America's entry into the war necessitated a more precise control and direction of the home front.

Roosevelt was unable to devote enough time, energy, and intellect to every aspect of the war--military, diplomatic, and domestic. The confusion, strife, and wasted efforts had proven that it was not enough to assign separate agencies to administer production, procurement, manpower, prices, wages, and other crisis sectors. Total war required a coordinating agency that would supervise all aspects of the home front and that would make and enforce policy. The director of the agency had to be responsible for the smooth functioning of the home front.

After learning of the Byrnes appointment, Secretary of Interior Harold Ickes confided to his diary that Byrnes "is quick-minded and fair," is "one of the smartest men in Washington," and "knows how to work with people and how to accommodate clashing interests and opinions." These were the principal reasons why Roosevelt asked him to leave the Court. The president knew Byrnes was loyal and intelligent, and he valued the South Carolinian's political acumen. Above all, Roosevelt had to name a man who could provide the "political" skill needed to manage the home

front. Nonpoliticians had tried and failed. Donald Nelson, for instance, had allowed his authority to slip away. By the fall of 1942, the "Battle of Washington" was in full fury with rival barons squabbling over policies, priorities, and jurisdictions. Byrnes had the authority to compel acceptance of policy decisions in the stabilization program, and Roosevelt had instructed him to settle disputes outside of the formal jurisdiction of the OES.³

The Byrnes appointment surprised most observers, but it and the creation of the OES were warmly received. Republicans, like Senators Charles McNary of Oregon and Arthur Capper of Kansas, and Democrats on the Hill lauded the choice. Likewise, the press acclaimed the South Carolinian's character and intelligence, describing him as a shrewd, judicious realist, an "expert at finding the common denominator," and a harmonizer. The press emphasized that he would need the full support of the president in order to get "tough" with special interest groups, particularly labor and farm spokesmen.

The OES executive order relieved the press, but the media reproved Roosevelt for waiting so long to act. And much of the press counseled its readers that the OES was not a panacea for the woes of inflation. As pervasive as its authority was, and Newsweek labeled it America's "most

precedent-shattering economic straitjacket," the economy still required more regimentation: tighter manpower controls, more severe taxation, compulsory savings, increased rationing, stringent controls on prices, wages, and rents, and a national resolve to abide by regimentation. Nonetheless, the OES, Raymond Clapper wrote, meant that the administration had finally decided to end "life as usual" on the home front. The Stabilization Act of October 2, Walter Lippmann asserted, exemplified the fundamental solidarity of the American people. Lippmann further characterized the OES as the "organ of decision" for the economy and Byrnes as the "Assistant President."⁴

Monday morning, October 5, Byrnes and some members of his staff toured their new White House offices. Construction in the east wing was not yet complete; debris still cluttered the offices; there were no carpets, no furniture, and only stark white walls. These cramped offices barely accommodated the small staff which he had begun assembling.

The OES director appointed Benjamin V. Cohen as general counsel. Cohen had been prominent during the New Deal years as a presidential adviser and draftsman of legislation, and comprised half of the hardworking and maligned tandem of Cohen and Tommy Corcoran. Most

recently, Cohen had gone to London to help expedite the delivery of lend-lease supplies. Liberals and even Frank R. Kent, a conservative columnist, hailed the appointment of this brilliant and principled lawyer. Byrnes chose Donald Russell, a former law partner from Spartanburg and currently an employee of the War Department, as an aide. He also selected Edward F. Prichard, Jr., and Samuel Lubell as his two assistants. Prichard was a protégé of Justice Felix Frankfurter and had served in the OPM and the WPB. Lubell, a friend of Baruch, had been in the Office of War Information. Cassandra Connor, who had worked with him since 1925, remained Byrnes's private secretary. In addition to this formal staff, he used people from other agencies, like economist W. R. Stark of the Federal Reserve System and Isador Lubin, to provide special services for the OES.⁵

For about the first two weeks of October, Byrnes spent much of his time establishing the authority of the OES. He had some time to formulate policy for each aspect of the stabilization program because Roosevelt, on October 3, had ordered Price Administrator Henderson to clamp a sixty-day price ceiling on nearly all previously exempted farm commodities and to extend rent controls nationwide. The director also demanded reports from the

appropriate agencies on farm labor, compulsory savings, rationing, subsidies, and other aspects of stabilization.

During this period he announced the names of the members of the Economic Stabilization Board: Secretary of the Treasury Morgenthau; Claude Wickard, the secretary of agriculture; Secretary of Commerce Jesse Jones; Labor Secretary Frances Perkins; Harold Smith, the director of the Budget Bureau; Price Administrator Henderson; William Davis, chairman of the WLB; Eric A. Johnston, president of the United States Chambers of Commerce, and Ralph E. Flanders, president of Jones and Ramson Machine Company, representing industry; Philip Murray of the CIO and William Green of the AFL, representing labor; and Ed O'Neal of the Farm Bureau and James G. Patton of the Farmers Union. He soon ascertained that the board was too cumbersome to function effectively, but he did appreciate the forum that it provided, acquainting representatives of business, labor, and agriculture with governmental policy.⁶

The purely advisory function of the board and the competence of the OES staff reinforced Byrnes's and Roosevelt's belief that the OES would not be just another agency. Byrnes had not resigned from the Supreme Court to allow his authority and responsibility to be siphoned off,

as was the case with other administrators. At the first meeting of the board, he declared that he was responsible for policy decisions and that he would settle any disputes among the agencies. And he broadly interpreted his jurisdiction; he hoped to initiate a coordinated approach to wage and price controls, manpower and selective service policies, and industrial and agricultural production.⁷

In October 1942, Byrnes seized on compulsory savings as the best means to reduce the inflationary gap, and he believed such a device would be acceptable to Congress. In November, at his request, Treasury officials presented a plan proposing increased taxes in combination with compulsory savings. Worried by the \$40 billion in excess purchasing power, Morgenthau argued that a drastic increase in taxes would reduce the public debt, lessen the risk of postwar inflation, and obviate the necessity of large administrative programs regulating the wartime economic habits of the people. But the secretary still favored his program of voluntary bond sales and would only admit that if compulsory savings had to be initiated, it should be a progressive savings proposal. Not deterred by the secretary's lack of enthusiasm, Byrnes raised the question at a November meeting of the stabilization board. The board agreed that a unified tax and savings program had to be implemented.⁸

Because of the overlapping jurisdictions of both the Treasury and the OES, it was probably inevitable that officials of these two agencies would clash over the exact nature of their responsibilities. The OES order, Morgenthau's advisers contended, gave Byrnes the authority to direct the department on the imposition of the \$25,000 salary limit, and that was all. Morgenthau, a New York neighbor of Roosevelt, thought he had a special friendship with the president: one that surpassed their political relationship. The secretary was exceedingly protective of the functions and prerogatives of the Treasury Department, considered the formulation of revenue proposals his especial domain, and went to Roosevelt every time he perceived threats to his authority.⁹

In November the director commented publicly about the desirability of compulsory savings. This enraged Morgenthau, who thought the director should have cleared it with him. At a meeting between the two, the secretary explained how Roosevelt had verbally exempted the Treasury from the purview of the OES at the October 2 meeting. Disclaiming any knowledge of this statement, the director tried to explain why he must have a voice in the formation of tax policy. And Byrnes queried Morgenthau, "'You don't claim that you are over me, do you?'" To which Morgenthau

responded, "'No, and you don't claim you are over me?'" After the director denied having any such notion, they finally agreed that they would work together "'to lick inflation.'" Suspicious to the point of paranoia, Morgenthau was not reassured because Byrnes and Baruch never had any "use for me." In December, after Roosevelt told Morgenthau he was still responsible for tax policy, the secretary confided to his diary that Byrnes was "groping for power" without the president's approval and that he "should not be scared by anyone like Byrnes."¹⁰

Besides the tensions between these two, tax policy was muddled because of disharmony within the administration and the aversion of Congress to the Treasury program. The stabilization director retained close contact with the leaders on the Hill, particularly Senator Walter George, chairman of the Finance Committee and Robert Doughton, chairman of the House Ways and Means Committee. During the winter of 1943, he realized that he would have to prod the congressional committees if Congress was to pass a revenue bill before the summer.¹¹

Byrnes advocated a comprehensive tax program, one including a withholding tax, compulsory savings, and perhaps a sales tax. Such a program would reduce the national debt and also act as a retardant on the infla-

tionary cycle. Harold Smith of the Budget Bureau recommended a program similar to Byrnes's: a withholding tax, compulsory lending, and a sales tax. The Treasury hoped to secure a program that included a stiff withholding tax, more rationing of scarce consumer goods, increased Social Security taxes, and higher individual and corporate income tax rates.

At this time, no money was withheld at the source for the payment of income taxes. In effect, each individual paid last year's income taxes out of the current year's income. Beardsley Rum1, treasurer of the R. H. Macy and Company and chairman of the board of the New York Federal Reserve Bank, conceived of a plan to aid those individuals who experienced difficulty in meeting income taxes after they had entered the military at a substantial pay reduction. Rum1 recommended that the taxpayer start to pay for the current year's taxes by withholding payment at the source, and he argued this could be done by forgiving the previous year's taxes. In this way, the taxpayer would not have to pay for two years worth of taxes during one year. Taxes on a pay-as-you-go basis was undeniably attractive and a sound system, but the Rum1 plan would provide a windfall for the rich.

In early January 1943, the president discussed the tax section of his budget message with Byrnes,

Harold Smith, and Daniel Bell, undersecretary of the Treasury. Hesitant about proposing a tax program without input from congressional leaders, Roosevelt would only commit himself to the goal of securing an additional \$16 billion in revenue. The pervasive popularity of the Rum1 plan with Congress compelled Morgenthau to reconcile himself to the idea of forgiving part of the 1942 tax obligations. During January and much of February, illness forced him to rely on Randolph Paul to find a plan acceptable to Roosevelt and congressional leaders. Paul devised a two-part tax program: a bill to provide for collection at the source and for forgiveness of 19 percent of all 1942 tax liabilities; and a bill stipulating \$20 billion in additional revenue from new taxes and compulsory lending. Marriner Eccles and Byrnes liked this program and thought that in return for partial forgiveness, the administration should be able to extract some type of compulsory lending from Congress. Congressional leaders were not as sanguine; Doughton and George seem satisfied with only the first half of Randolph's program. And Congress as a whole was even less tractable.

Not until Doughton produced a compromise bill--that included the collection of taxes at the source beginning July 1, 1943, and forgave about half of the 1942 taxes--

were the House members able to agree on a revenue bill. Then on May 14, the Senate passed a different bill which would forgive all 1942 tax liabilities. Byrnes did not have much input into the substance of the bill. While the bill faced an uncertain fate in Congress, various senators and representatives contacted Byrnes, hoping to learn the stance of the administration on the roll-call votes. In middle May, after the Senate had passed its bill, Speaker Rayburn telephoned Roosevelt, asking him to have Byrnes intercede on the behalf of the administration in the House. He did so, and the administration backers held firm. The bill was sent to the conference committee.

Outraged by this bill giving the rich a large wind-fall, the president demanded from the conference committee a bill that required payment of some of the 1942 taxes. Roosevelt wanted a bill that incorporated the pay-as-you-go provision and that minimized the amount of forgiveness. The director huddled with Senator George about what provisions would be acceptable. Furthermore, Byrnes found that a majority of the House Democratic conferees were only "lukewarm" in their support of the original House bill, and he advised Roosevelt that this bill would not be passed.

Even Doughton--who, Byrnes thought, was too anxious to compromise--was convinced that they would have to

accept a 75 percent forgiveness provision, or no bill would be passed. Byrnes adopted various stratagems to lower the forgiveness bracket to 60 percent, but enough Democrats voted with the Republicans to send Republican Senator Arthur Vandenberg's proposal to each house of Congress. His plan forgave 75 percent of the taxes for either 1942 or 1943, whichever was less, with total forgiveness if one year's taxes amounted to \$50 or less, and started collection at the source on July 1, 1943. Faced with the prospect of this bill or none, Roosevelt signed the bill. And the director's conferences with George, Doughton, and others caused Morgenthau to start fuming again. The director was able to mollify him by saying that he acted only as a "messenger boy" during these conferences and that he had not helped to persuade the president to sign the bill.¹² Congress had yet to approve a tax bill that increased substantially the amount of revenue the taxpayers would owe the government.

Congress also proved to be reluctant to follow the policy on salary and wage controls that the administration sought to execute. In early October Byrnes, at the president's insistence, moved to implement the \$25,000 limit on salaries. Assured that he had the legal authority to limit salaries to \$25,000 after taxes and the payment of

fixed obligations, the director requested the assistance of the Treasury Department in the formulation of regulations to control salaries. Morgenthau offered his cooperation, and Byrnes had Randolph Paul, general counsel of the department, supervise this project. On October 27, the director issued regulations to limit salaries to \$25,000 starting January 1, 1943. He told reporters that the directive "'comes damn near getting everybody.'" The OES, in effect, froze all salaries at their present levels. With the approval of the WLB, individuals could receive increases if their total salary remained below \$5,000 per year.¹³

For the most part, the OES order met with vociferous and acrimonious opposition from legislators and newspapers. These critics viewed the restrictions as a carry-over of New Dealism, an attempt to "level down" incomes, and an example of "government by directive." The Wall Street Journal wondered whether Byrnes remembered that a \$25,000 salary limitation had been part of the 1928 Communist party platform. Others saw some merit in the restrictions. Even though it did not regulate income from investment and other sources, T. R. B. of the New Republic, Richard Strout of the Christian Science Monitor, and the Nation thought it would at least ease some of the

discontent that resulted from the obvious inequalities in wartime sacrifices. In the spring of 1943, Congress attached to the debt ceiling bill a rider prohibiting the \$25,000 salary limitation. Roosevelt had to sign the bill, which ended the last of the attempts to equalize the burden of the war costs.¹⁴

In October 1942, the director made the War Labor Board (WLB) responsible for all raises in salary for employees earning less than \$5,000. Those who earned more than \$5,000 could not be given a raise unless the employee assumed a more responsible position. Byrnes also had to rule on any case that deviated from the guidelines. In December 1943, he was asked to decide whether Chita of Tarzan movie fame could be granted a salary increase in spite of the freeze on actors' salaries. Her owners argued that Chita should not be classified as an actor. The director refused to rule on this question and referred it back to the Los Angeles salary stabilization board, stating that they should be able to determine whether 928 Chita was an actor or not.¹⁵

When he first assumed the directorship of the OES, Byrnes met with the WLB and then announced his intention to limit wage increases to the provisions of the Little Steel formula. In addition, the WLB now reviewed all wage

increases, whether voluntary or not. Only the OES could approve wage hikes that would necessitate higher price ceilings. In effect, Byrnes sanctioned the existing policy.¹⁶

During 1943 labor seriously threatened the anti-inflation program. Most of labor's dissatisfaction centered on the Little Steel formula. Union officials contended that the Bureau of Labor Statistics persistently underestimated the real increases in the cost of living by failing to make adjustments for regional discrepancies, for the deterioration in the quality of consumer goods, and for inequalities of low-paying jobs. The rank and file of the unions put pressure on their leaders to abrogate the "no-strike" pledge and to secure a modification of the Little Steel formula. For example, in January 1943, miners staged walkouts in some anthracite fields. Because of the militancy of labor, the news media urged the administration to be more vigilant in its struggle to halt inflation. The administration could expect little help from Congress, where the special interests were well represented.¹⁷

Byrnes, responding to the strident demands of labor and to the press admonitions, exhorted Prentiss Brown of the OPA and William Davis, chairman of the WLB, to hold

the line against any further increases in prices and in wages. The WLB, deluged by requests to raise wages, queried the director whether it should allow an upward revision of the Little Steel formula. Time was running out: the United Mine Workers' (UMW) contract with coal operators expired on March 31, 1943. John L. Lewis of the UMW threatened a strike if substantial pay increases were not granted to his union members.¹⁸

During a nationwide radio address over the Columbia Broadcasting System on February 9, 1943, the OES director launched the administration's counterattack by announcing that all defense workers in critical labor areas would have to work at least forty-eight hours a week. The impending invasion of Europe, he admonished his listeners, meant that inflation had to be halted, and he promised to reject any wage increase above the Little Steel formula and to hold down food prices. This adherence to Little Steel meant the vast majority of union members would not receive any further wage rate increases. The administration tried to assuage labor by providing the workers, who were not previously working forty-eight hours, with a 30 percent rise in weekly earnings, eight hours of overtime at time-and-a-half. He further emphasized the commitment to wage stabilization by announcing the WLB's

refusal to grant 180,000 meat-packinghouse workers a wage increase above the formula. And he also instructed the WLB to limit increases outside of the formula to cases involving gross inequities or substandard wages.¹⁹

The reaction to this speech varied. Justice Felix Frankfurter labeled it a "damn good" one, and Senator Josiah Bailey also praised it. Others were less sanguine. Arthur Krock, writing in the New York Times, thought the order exemplified the administration's attempts to construct a war economy on an inadequate peacetime foundation. In order to preserve the New Deal gains, asserted Krock, Byrnes allowed the time-and-a-half provision to remain in effect, which would only intensify inflationary pressures. Even though the order would apply exclusively to certain critical labor areas, the New York Times labeled it the "most inflationary" step yet taken by the administration.²⁰

Support for Little Steel, as epitomized by the packinghouse decision, antagonized labor and nearly caused the disintegration of the WLB. George Meany of the AFL and John Brophy of the CIO, two of the labor members on the board, charged that William Davis and George W. Taylor had consulted with Byrnes before voting against the packinghouse workers. Admitting that they had spoken with

him, these two public members of the labor board denied that Byrnes had dictated the decision. The labor representatives demanded that the WLB decide its cases independently of the OES, and labor increased its denunciations of the "unholy" alliance between Byrnes and the public members of the WLB. When the WLB voted to grant a wage increase to Boeing Aircraft workers, Wayne Morse, a public member, sided with the labor representatives. Because the president created the WLB as an independent body, the public members, Morse argued, should not consult with the stabilization director before deciding a case. Davis precipitated this latest outburst by reading a letter from Byrnes in which he sanctioned the wage increase since it did not exceed the Little Steel formula. The "unholy" alliance between Byrnes and Davis imperiled the future efficacy of the government's arbitration agency.²¹

During the spring the stabilization program was under siege from all sides: the congressional abrogation of the \$25,000 salary limit incensed labor; Roosevelt had to veto the Bankhead bill which would have meant higher food prices; labor attacked the WLB and the OES; and John L. Lewis still flaunted his large wage demands. Using arguments furnished by the stabilization director, the president, on April 1, persuaded William Green and

Philip Murray to moderate their campaign for increased wages. These labor leaders agreed to hold their demands in abeyance only if the administration made good on its promise to stabilize the cost of living, particularly food prices.²²

The stage was now set for Roosevelt's next dramatic move. Since the inception of the OES, the cost-of-living index had risen 4.3 percent. Byrnes and his staff devised an executive order that would encompass the entire stabilization program. He persuaded the president to halt all price and wage rate increases and to authorize the roll-back of some essential food prices. On April 8, 1943, Roosevelt issued Executive Order 9328, the "Hold-the-Line" order. It directed the price administrator and the war food administrator to put ceiling prices on all commodities that affected the cost of living. They were to prevent any further price increases and to roll back any prices considered too high. It also restricted the discretionary authority of the WLB which could no longer grant wage rate increases except in cases involving sub-standard wages or increases within the provisions of the Little Steel formula. With the approval of the OES, the WLB could grant merit, reclassification, and incentive increases. This order also sought to ease the manpower

crisis by authorizing the War Manpower Commission (WMC) to prohibit any worker shifting to a higher paying job unless the change benefited the war effort. Finally, the order authorized the OES director to take all necessary steps to stabilize the economy, to maintain and increase production, and to aid the prosecution of the war.²³

The "Hold-the-Line" order generated much support, as many viewed it as a bold effort to halt inflation. This order, Walter Lippmann correctly argued, meant that the crucial period in war management had been reached. The prior policy of the administration had been one of "frozen minds," not frozen prices; the administration policies had encouraged each special interest to seek to improve its own interest at the expense of the others. Freezing prices meant the retention of the status quo, precisely what was not needed in wartime. Subsidies for various commodities would allow the administration to stimulate the production of goods in the desired quantities.²⁴

The day after the announcement of this order, legislators and spokesmen for special interests inundated the White House staff with requests to see the president. They all were sent to Byrnes who spent the day listening to arguments why there should be exemptions to the order. Senator Charles McNary wanted the new price ceilings on

certain fruits and vegetables postponed until after the strawberry crop in Oregon had been marketed. Similarly, Philip Murray pounded the director's desk, registering his dissatisfaction with the order. At least for the time being, Byrnes refused to make exemptions for any group.²⁵

Prior to the issuance of the "Hold-the-Line" order, the WLB had granted wage rate increases in cases involving inequalities--workers who had similar job classifications were allowed pay increases to match the general level of wages for workers with similar jobs in the same geographic area. Some top-level presidential advisers, including Byrnes, believed that the board had endangered the stabilization program by approving too many increases in such cases. The order prevented the WLB from allowing such wage raises, and the board immediately rejected some 10,000 applications to correct inequalities. This meant about 500,000 workers were denied increases. Labor was outraged, and workers struck, protesting the inflexibility of the order.

The order met with opposition from both the labor and the public members of the WLB because they believed it stripped them of all their discretionary prerogatives. In late April the board voted 7 to 4, with the industry members in the minority, to request the stabilization

director to allow it to devise a method to compensate workers in inequality cases.²⁶ On May 5, Byrnes, Davis, and George Taylor discussed the possibility of reinstating some of their authority. The next day the director met with the full board for several hours. The labor members--George Meany and Robert J. Watt of the AFL, and Van Bittner and John Brophy of the CIO--threatened to resign if no redress was granted. The stabilization director, the labor members charged, had finally emasculated the board and transformed it into a puppet of the OES. During the next week more meetings followed.²⁷

Retreating under the onslaught of pressure, Byrnes, on May 12, 1943, restored some of the former prerogatives and preserved the judicial character of the WLB. He apparently agreed to this modification during a conference with Ben Cohen, George Taylor, and Wayne Morse. The board could now determine "minimum tested and going rates" for job classifications by industry and region and to grant increases to reach the minimum rates for each area and classification. But he did retain the right to review all cases that would increase prices or production costs. Another consideration in this decision was to augment the public posture of the board in its fight against the demands of John L. Lewis.²⁸

The new directive did not mollify all critics of the "Hold-the-Line" order. The executive board of the CIO wanted a labor board totally independent of the OES, and they charged that the administration had not fulfilled its promise to stabilize and roll back prices. Conservative critics, like columnist Frank R. Kent, asserted that the Byrnes directive reflected both the failure of the administration to establish an anti-inflation program and its willingness to accede to the inflationary demands of organized labor.²⁹

At least Byrnes was able to check the burgeoning wage and salary increases. The "Hold-the-Line" order was one of the most significant moves that the administration made to halt the inflationary spiral. This order, transcending the wage sector, also affected foodstuffs and other consumer goods. Without the support of Congress, the OES had reversed the trend toward full-fledged inflation. This did not mean that the special interests--notably labor and farm groups--would accept this freeze without battling back.

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CHAPTER IV
BYRNES, LABOR DISPUTES, AND MANPOWER POLICY

John L. Lewis of the United Mine Workers (UMW) refused to abide by the stabilization program. The coal crisis of the war years represented the most concerted effort by any single union leader to circumvent governmental regulation. Lewis had no sympathy for the wage controls, refused to recognize the authority of the WLB to mediate labor disputes, and cavalierly ignored the "no-strike" pledge.

The bituminous coal miners, Lewis claimed, did not earn enough to provide even a subsistence living for their families. Indeed, he would be ashamed to raise a dog on the meager existence allowed by the Little Steel formula. Moreover, the prices charged in mine towns further exacerbated the impact of the stabilization program. The government guaranteed profits to industry; why should the miners be deprived wages equaling the cost of living and a profit. He depicted William Davis as having a "long knife" which he was ready to plunge into the backs of the miners, and said that the miners would not get a fair hearing from the "court packed against labor" by the OPA.

WLB, and OES. He labeled Byrnes one of the "judicial vestal virgins" who descended from on high to tell workers that "you shall not pass." On March 10, 1943, Lewis enumerated his demands: two dollars a day pay increase, portal-to-portal pay instead of face-to-face pay, and increased benefits.

Knowing that the Little Steel formula would prohibit any wage increases, Lewis planned to obtain the two dollars a day raise by having the operators pay on a portal-to-portal basis. If agreed to, the miners would also be paid for the time necessary to reach the face, the actual spot where coal was mined. Because of the varying depths of the mines, he wanted each miner, including those who worked topside, to receive an "average" travel time of either an hour and a half or two hours per work day. The UMW contracts, with both the Appalachian operators, who were amenable to compromise, and the more recalcitrant southern operators, expired on March 31, 1943.

Of course, the mine operators, cloaked in the mantle of support for the war effort, rejected as absurd and outrageous Lewis's contention that miners' children were starving. They argued that government coal prices precluded any large boost in wage rates, which had doubled

during the last decade. The operators stood firmly behind the wage stabilization policy of the government.¹

From late March on, the stabilization director became engrossed in the coal crisis and scrutinized the White House and WLB files. After fruitless negotiations between the UMW and the operators, the Conciliation Service of the Labor Department entered the talks, hoping to effect a settlement based on a guaranteed six-day workweek. In response to a presidential plea for continued production, both sides agreed to abide by the provisions of the old contract for another month, until May 1. Because of the "Hold-the-Line" order and the southern operators' refusal to compromise, the dispute was referred to the WLB on April 11. Two days later Lewis did not send any UMW representatives to the WLB preliminary hearing; nevertheless, the WLB appointed a panel to investigate the coal situation. Again, the UMW chief ignored the WLB and its panel.²

Strikes broke out, primarily in the Pennsylvania fields. Each day more miners refused to descend to the coal face. On April 28, the WLB panel met, but no union representatives appeared. This and the sporadic work stoppages forced the WLB to hold all negotiations in abeyance until coal production resumed. Because of

Lewis's cavalier attempts to "dictate to the government," Davis referred the coal dispute to Roosevelt.³

The following morning, April 29, Byrnes went to the president's quarters, where Roosevelt was being treated for a sinus condition. The president approved the director's draft of telegrams to John Lewis and Thomas Kennedy, secretary-treasurer of the UMW. In these telegrams Roosevelt requested the miners to return to work and resume negotiations under the aegis of the WLB. He hoped the miners would listen to him as their friend and would return to the mines before ten o'clock Saturday morning, May 1. If not, then he would use his authority to end the strikes. That afternoon the OES director contacted William Green who agreed to cooperate with the administration.⁴

Thursday afternoon, April 29, Byrnes telephoned Secretary of the Interior Ickes to tell him that if the strikes continued beyond May 1, he, as solid fuels administrator, would supervise the take-over of the mines. Then the OES director contacted Secretary of War Stimson to ascertain whether he would be able to work with Ickes if he called on the army to quell any violence. He then set up a meeting between Ickes and Stimson so that they could discuss possible actions.⁵

Once the strikes spread in late April, Byrnes, his staff, and others, like Oscar Cox, prepared drafts of an executive order authorizing the government seizure of the mines, a presidential statement on the coal crisis, and a proposed bill to prohibit strikes and other work stoppages in plants that had been taken over by the government. On May 1, Ickes met Byrnes at the White House; so they could be with the president when he issued the executive order. The tension and strain of the long working hours were apparent as a squabble erupted in the OES office between Byrnes and one of his advisers. Shortly before ten o'clock, the director and Ickes walked over to the president's bedroom. Roosevelt read over the executive order and the concomitant statement, signed the order, and then issued both to the press. The order authorized Ickes to take possession of all coal mining companies.⁶

The remainder of Saturday and most of Sunday were devoted to writing the fireside chat on the coal crisis, which Roosevelt planned to deliver on Sunday evening, May 2. Hopkins, his wife, and a movie producer and his wife wrote the first drafts of the speech. The OES director objected to their draft, and he, Ben Cohen, Robert Sherwood, and others revised it. Roosevelt approved of their text. Sunday afternoon, Byrnes dis-

cussed it with Ickes, who had met with Lewis that morning. The UMW chief had acceded to Ickes's proffered plan for a fifteen-day truce, believing that the secretary would enter into direct negotiations with the union. That afternoon Lewis left for New York where the UMW policy committee was assembled. Since its ratification of the truce agreement was perfunctory, Lewis deliberately waited until 9:44 P.M. to make the announcement that the miners would return to work within two days, hoping to deflate the fireside chat. Nonetheless, Roosevelt went ahead with his speech.⁷

Following the broadcast, he gave Byrnes a surprise birthday party. He sent a car to bring Mrs. Byrnes to the White House so that they could also celebrate the Byrnes's wedding anniversary. Roosevelt led the assembled group-- Grace Tully, Hopkins, Sherwood, and Steve Early--in singing "Happy Birthday." Then he and Byrnes sang "When I Grow Too Old To Dream." It was a festive evening, because the confrontation between the government and the UMW had been averted.⁸

Public opinion sided squarely with the administration. Roosevelt, the Wall Street Journal editorialized, had to meet Lewis's challenge to America's democratic order. The New York World-Telegram supported the ulti-

matum to the union chief, who had dangerously misled the miners. The Nation chastized the operators for not compromising, a blatant attempt to break the union, but it nonetheless thought Lewis was playing a "dangerous and unpatriotic game" by refusing to recognize the WLB. The president of the National Association of Manufacturers, F. C. Crawford, naturally urged the stabilization director to refuse the miners' demands, which, if granted, would wreck the anti-inflation drive.⁹

But the administration had not yet extricated itself from this perilous situation. Special interest groups, such as other labor unions and the farm bloc, closely watched the negotiations; a large settlement for the miners would allow them to better their own positions. More importantly, Lewis's truculent behavior soon split the administration. The WLB--especially Davis and Wayne Morse but with the support of most members, including some labor representatives--still espoused the position it had taken in April: namely, that Lewis's attack on the labor board was a direct challenge to the sovereignty of and an attempt to dictate to the government. At first, Roosevelt and Byrnes subscribed to this hard-line stand, and government policy reflected this consensus. The UMW would have to conduct negotiations under

the aegis of the labor board, and this agency would treat the miners the same as all workers.¹⁰

During May Ickes, who favored compromise and direct negotiations, publicly adhered to the WLB position. Early that month he ordered all coal mines to operate six days a week and announced that the UMW would have to come to terms with the board. Lewis believed that he had been betrayed and boycotted the WLB panel hearings, which commenced on May 6. The panel, nevertheless, held hearings, and on May 17, the board prohibited all direct negotiations between the operators and the union unless conducted under its auspices. Another stalemate, but Lewis did extend the truce to May 31.¹¹

Worried about the dire consequences of another strike, Ickes, on May 10, advised Byrnes that the crisis required a new strategy. He reasoned that the government could not compel the miners to dig coal and, therefore, offered to enter into direct negotiations with the operators and Lewis. If an agreement was reached, Ickes contended, it would have to allow for wage adjustments. He thought this was possible without destroying the effectiveness of the Little Steel formula, the "Hold-the-Line" order, or the labor board.¹²

The press, on May 19, reported that Ickes had sent a letter to Lewis which explained that he had no intention

of superceding the WLB. But the secretary was dissatisfied with the order prohibiting further negotiations. He next tried to persuade the president to allow him to conduct direct negotiations because the WLB order was absurd, dangerous, and unlawful. The secretary sided with the "appeasement" group of Secretary of Labor Frances Perkins and John Steelman of the Conciliation Service because he believed the operators had never truly negotiated with the union in good faith.¹³

The president still adhered to the WLB position, which had the countenance of Stimson, Hopkins, and Byrnes. In late May the WLB denied both the two dollars a day wage increase and larger vacation benefits, and it advised the disputants to recommence negotiations based on the guaranteed six-day workweek and portal-to-portal pay. Further attempts at negotiation proved futile, and Lewis took the miners out on June 1. By this time Byrnes had assumed his new responsibilities as director of the Office of War Mobilization. The coal crisis harassed the administration for most of 1943.¹⁴

Labor disputes were just one aspect of the larger manpower problem. By the fall of 1942, the manpower shortage had become acute. Such difficulties as wages and hours, distribution and relocation, compulsion, defer-

ments, and the size of the military, all had to be resolved. In essence, the war turned the manpower problem of the Depression on its head. Instead of trying to find work for the legions of unemployed, the administration now had jobs to fill. For the remainder of the war, the country endured a grievous labor shortage.

The uneven distribution of war contracts intensified the problem. The areas with a high concentration of war industries suffered additionally because of insufficient housing, transportation, and public services. High rates of absenteeism and large numbers of job turnovers demonstrated workers' dissatisfaction with living and working conditions. As with other labor oriented trouble spots, Roosevelt only belatedly recognized the impending manpower crisis by establishing the War Manpower Commission (WMC) in April 1942. This agency failed to solve the problem, partly because the WPB and the armed services had nearly inviolate authority to allocate manpower and partly because Paul McNutt, WMC chairman, could not cope with these outside agencies.

Without adequate authority or the will to command obedience, he had to rely upon a series of ad hoc stabilization orders to ease shortages in the most critical areas scattered across the nation. And he had to cajole workers

and employers to abide by the voluntary stabilization plans designed to eliminate labor pirating and worker turnovers. In areas with a designated critical manpower shortage, employers could only hire those workers who had certificates of release from their former employers, and the United States Employment Service (USES) supervised the recruitment of workers from outside areas. By the spring of 1943, sixty such stabilization plans were operating.¹⁵

At best, the WMC programs were stopgaps. McNutt wanted more authority for the WMC; a rational wage program; a coordinated program of manpower allocation among military services and defense and essential civilian industries; WMC control of Selective Service in order to maximize the efficacy of occupational deferments; and, if needed, some form of national service legislation. In early November the labor-management policy committee of the WMC endorsed his plan to make the Selective Service an operating agency under his aegis and to compel defense contractors to do all their hiring through the USES, which would also be housed in the WMC.¹⁶

This proposal to shift the Selective Service collided with the tenacious efforts of Stimson and others to preserve its autonomy. During the last three months of 1942, Byrnes, who supervised policy determination for manpower

problems, met numerous times with Stimson and other military spokesmen, who wanted to forestall any aggrandizement of the WMC. On October 21, for example, Stimson, Robert P. Patterson and Goldthwaite Dorr of the War Department, and Knox and James Forrestal of the Navy Department called upon him at his White House offices. These military spokesmen promoted the appointment of a manpower czar, who would have the authority to coordinate the requirements for the military, the WMC, and the WPB; they recommended Baruch as the most qualified person for the new position. The director, according to what Stimson noted in his diary, seemed to be receptive to these two suggestions, but he cautioned them that Roosevelt might support McNutt's position. Similarly, on November 3, Byrnes attended a luncheon meeting with the Joint Chiefs of Staff and several civilian agency heads--Wickard, McNutt, Nelson, and Elmer Davis of the Office of War Information. This group discussed various manpower problems, particularly the demand for ten million men in the armed forces and its impact on industrial production, but no agreements were reached.¹⁷

Utilizing the reports of congressional committees, the press lambasted the administration for diffusion of authority, wasteful employment of available labor, unreal-

istic manpower demands of the military services, and lack of an integrated, centralized program. Senator Harry Truman, chairman of the Special Committee to Investigate the National Defense Program, tried to spur the administration to action. He sent Byrnes a confidential draft of a manpower report, which his full committee had already accepted, criticizing the WMC because it had not formulated a basic manpower policy.¹⁸

The report made the following recommendations: end all military recruitment, unless the enlistee had the approval of his draft board and the local manpower committee; shift the Selective Service and the USES to the WMC; and impose moratoriums on draft calls from critical labor areas during crucial work periods. Recognizing the need to add seven million new workers to the labor force, the committee urged increased utilization of industrial training programs, nursery schools and child day care centers, minority workers, and laborers in nonessential occupations.¹⁹

Others broached different alternatives. During the stabilization board meeting of October 30, 1942, Marriner Eccles of the Federal Reserve called for the implementation of a total war effort, one requiring compulsion for both labor and capital. The labor members,

William Green and Philip Murray, urged better utilization of women and small businesses before resorting to mandatory measures. Certainly something had to be done, or compulsory manpower controls would be inevitable. Roosevelt had no intention of asking for national service legislation at this time. By early November the president, at the behest of the budget director and other civilian agencies, had withheld his complete approval from the plan of the Joint Chiefs of Staff to have nearly eleven million men in the armed forces by December 31, 1943.²⁰

Finally, during a cabinet meeting on December 4, 1942, he announced his decision on manpower, and the next day he issued an executive order that transformed the WMC into an operating agency. Shifting the Selective Service and the USES to the WMC, the order gave McNutt the authority to regulate labor hiring and recruitment in areas that he designated as critical. This settlement was a hollow victory for McNutt because the WMC still had no authority to supervise manpower demands of other administrative units. McNutt had no direct influence on the size of the armed forces. The military procurement agencies continued to let contracts to large industrial corporations; this meant more jobs in heavy industrial

and labor short areas. Furthermore, Nelson curtailed too slowly nonessential industry in tight areas and proved unwilling to establish a referral system for workers.²¹

In an attempt to utilize better the available workers, McNutt issued the so-called "work or fight" order in January 1943. He directed the local draft boards to review deferments of men who were then working at enumerated nonessential jobs. The administration wanted deferments to be based on job occupations, not parental status. This order only pertained to men fit for military service--those under thirty-eight years old. And Congress later nullified it by stipulating that fathers were to be drafted last, regardless of their jobs.²²

The policies at the national level had to be supplemented by local stabilization plans. In early February 1943, McNutt imposed a new series of local, voluntary plans that were designed to have employers hire only workers who had certificates of availability from either his last employer or the USES. Later that week, February 9, Byrnes, in a nationwide radio address, announced that the minimum workweek for critical labor areas would be forty-eight hours. In accordance with the provisions of the Fair Labor Standards Act, workers received time-and-a-half for the extra eight hours. He

argued that this order would not be inflationary because of workers' increased productivity. Easing the manpower crunch concerned him more than the slightly inflationary effect of the forty-eight hour order. It was a palliative to the manpower crisis.²³

Next, Roosevelt moved to mollify the persistent critics who decried the absence of a war cabinet. A war cabinet, commentators admonished, could effect a national program that would alleviate much of the manpower crisis. At the suggestion of Rosenman, the president created the "clearance committee," perhaps as a precursor of a war cabinet, and charged it with the responsibility for devising manpower policy.

The committee included five of his top aides; Leahy represented the military; Baruch, industry; Hopkins, foreign aid; Byrnes, the "lean but sound" civilian economy; and Rosenman. After discussing the scope of the committee with Roosevelt and Rosenman, Byrnes cautioned the president not to publicize the committee because he thought that it was too small to be a true war cabinet and that it would not prove to be very effective.

During the first two weeks of March 1943, the committee members investigated the manpower problems. Even without any formal standing the committee commanded the

attention of the press. Although Byrnes, Leahy, Rosenman, and Hopkins reportedly favored some type of national service legislation, many witnesses--like Nelson, Isador Lubin of the Bureau of Labor Statistics, and William Green--appeared before the committee to oppose compulsory measures. On March 14, the committee reported to the president; they recommended a total of 11.16 million men for the armed forces, greater use of women in industry, revisions in the administrative procedures of the WMC and the Agricultural Department, and more effort to meet manpower needs by voluntary measures. The committee decided that the administration should wait for a more propitious time to push for a national service law.²⁴

The administration had yet to solve the manpower problem. Labor would remain recalcitrant and would continue to assault the stabilization program. Voluntary means to control manpower allocation were never very effective. Worker shortages would become more serious as the war progressed. Byrnes would deal with further manpower problems later during 1943.

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CHAPTER V
THE OES, AND THE RATIONING AND FARM PROGRAMS

In addition to his concern with the stabilization of wages, the director also supervised the rationing of scarce commodities, an integral part of the anti-inflation program. Rationing had a twofold purpose: to help relieve pressure on price ceilings and to insure the proper distribution of scarce consumer goods. By the fall of 1942, the Office of Price Administration (OPA) was rationing tires, automobiles, typewriters, sugar, bicycles, gasoline in seventeen eastern states, and rubber boots and rubber work shoes. Leon Henderson of the OPA knew that this limited program had not contributed to price control and that rationing would have to be extended to the principal consumer commodities, including essential food and clothing. He also informed Byrnes that rationed goods should be standardized, and their quality regulated.¹

On November 10, 1942, after reviewing suggestions from his staff, Byrnes directed Henderson to formulate tentative plans for the rationing of all essential food and clothing. And he wanted the OPA to launch an exten-

sive publicity campaign to prepare the public for such a program. Later that month the director planned to tell Henderson how and what goods would be rationed. Realizing that the quality of rationed goods had to be maintained, Byrnes also expected the War Production Board (WPB) to cooperate in the rationing program.²

The public did not readily accept the rationing programs because most Americans regarded them as restraints on freedom, not as a means to add productive capacity for the war effort. The administration recognized this reluctance and never initiated a program of rationing until its necessity was all too obvious. It softened the impact of this "defensive rationing" by making available for public consumption as much of any commodity as possible.

The myriad of problems that the administration encountered in the rationing of gasoline exemplified the difficulties involved in rationing. Beginning in May 1942, the OPA ordered gasoline rationing along the East Coast and hoped to extend it nationwide in order to conserve automobile tires and prevent a future transportation breakdown. Because of a plentiful supply of gasoline everywhere else, strong opposition--from petroleum company officers, state officials who wanted the revenue from gasoline tax, and administration officials--developed.

Roosevelt, buffeted by a hostile public, temporized and charged the Baruch rubber committee to make a study. This committee recommended nationwide rationing. Byrnes backed the plan to initiate rationing programs for gasoline and fuel oils. He and Henderson hoped to still some of the clamor by requesting the president to announce publicly his support for these programs. The OPA began nationwide gasoline rationing in December.³

The strident denigration of these rationing programs and the concomitant bureaucracy put the administration on the defensive. Henderson and other administrators blamed the uproar on representatives of oil companies, like Red Phillips, and persons in the automobile companies. The consequences of the confusion in the rationing programs were all too obvious to Democrats. The Republicans had made substantial gains in the 1942 congressional elections. And some thought that this election portended even greater losses in 1944, if the "damnable red tape" of the rationing regulations were not mitigated. The unpopularity of rationing certainly troubled Roosevelt and Byrnes.⁴

The stabilization director had no illusions that the war could be successfully prosecuted without more stringent controls. So he continued to seek public sup-

port for rationing. In late November he got the stabilization board to approve Henderson's plan to ration all scarce and essential consumer goods. The publicity campaign was not enough; public confidence in the OPA had to be restored. For a time the director, Rosenman, and others considered the appointment of a rationing director, who would take from the OPA all phases of rationing. Instead, they decided that the various czars and department and agency heads would determine which of their commodities should be rationed and how much of it would be available for civilian consumption. The OES had the overall responsibility to approve all programs. The OPA became the mechanism for rationing.⁵

In December the gasoline rationing program nearly collapsed: Henderson banned the sale of gasoline to private motorists for sixty hours in seventeen eastern states. During this enforced hiatus, the OPA reduced the value of "B" and "C" coupons from four to three gallons. At this critical juncture, an irate Byrnes issued a statement in which he promised a prompt shake-up in "existing policies and machinery" of the OPA for handling gasoline and fuel oils in the East. On December 21, he met with Joseph Eastman of the Office of Defense Transportation, Henderson, and Ickes and Ralph K. Davies of the Petroleum

Administration for War in order to devise a plan to increase the supply of gasoline on the East Coast.⁶

The OPA under Henderson's leadership was clearly in trouble with the public and Congress. The House threatened to cut its appropriation to the point where it would be inoperative. For two reasons Byrnes thought the thoroughly competent but controversial Henderson had to go. The director was attuned to the ground swell of political dissonances and hoped to obtain an efficacious administrative mechanism. During the middle of December, he discussed the crisis situation with the president, and they interviewed Senator Prentiss Brown of Michigan. Brown, who had been the floor leader for the Stabilization Act and who had just lost his reelection bid, was slated to replace Henderson after the first of the new year.⁷

Once the president decided to sacrifice his price administrator as a conciliatory gesture to Congress, he gave Byrnes the unenviable task of requesting his resignation. From what Henderson told Abe Fortas, Byrnes told him over the telephone that the president had accepted his, Henderson's, letter of resignation. But Henderson later remembered the incident differently. He claimed that he tendered his resignation in early December when he realized that his health would not permit him to continue

as price administrator. After waiting ten days for an answer, he finally telephoned Byrnes and told him that if Roosevelt did not acknowledge his letter, he would announce his leaving that evening. That afternoon the president publicly accepted the resignation.⁸ This was not effective until January 1943.

The congressional farm bloc boasted that they had ousted him. In return for agreeing to shelve legislation to increase farm ceiling prices, it got Prentiss Brown as the new price administrator. In fact, no single special interest group could rightly claim this distinction. Columnist Raymond Clapper correctly labeled this a "shabby business" because special interest had exploited the people's irritation with rationing and price and wage controls to oust a man who had genuinely tried to hold the line. Again, the administration was on the defensive. But Roosevelt had little choice; the OPA was in a shambles; and a rapprochement with the conservatives in Congress and the OPA critics gave him some time.⁹ This pattern of special interest demands did not change throughout the war, and it reflected the character of American political life.

Congress had been tardy in producing legislation to control the prices of farm commodities because the farm

organizations were so well represented on the Hill. The American Farm Bureau Federation, the spokesman for the large farmers, was the most powerful and influential farm organization. Ed O'Neal of the Farm Bureau regarded Secretary of Agriculture Claude Wickard with some suspicion. O'Neal reasoned that since the consumers now had sufficient income, they should pay at least the parity price for farm foods. The farm bloc convinced enough members of Congress that if a ceiling was not imposed on wage rates, then farm commodity prices should be allowed to reach at least the parity level.

Claude Wickard had tried to devise a policy that would satisfy both the inflation-conscious Roosevelt, and the farmers and their spokesmen. The secretary, who was fundamentally an agrarian, wanted to allow basic agricultural commodities--corn, cotton, wheat, rice, and tobacco--to sell at parity prices. Wickard was in an untenable position; he did not satisfy either the president or the farm interests. In addition, the secretary attempted to set and administer policy: two tasks that he could not perform adequately. He was awed by the president and lacked the administrative forcefulness to secure his position. So he saw much of the requisite authority lodged in other agencies. The OPA had control of price

policy; the WPB wielded priority and allocation powers; and the War Manpower Commission provided labor for both industry and farms. Persistent rumors that Roosevelt would create a separate food administrator further eroded his authority.¹⁰

Byrnes, as soon as he assumed his duties as OES director, confronted demands for the establishment of a single, unified food administration. On October 17, 1942, Wickard received a draft of an executive order to create an omnipotent food administration within the WPB. Incensed, he prepared a letter containing his views and went to the White House for a meeting with Byrnes on Monday, October 19. Contending that a WPB food administrator would only exacerbate the confusion, he asked to be appointed chairman of a committee, representing all pertinent agencies, which would set and supervise the implementation of policies for all agricultural programs. The director had already broached the problem of a unified food command with the president and had to wait until Roosevelt decided the question.¹¹

Roosevelt then asked the director to study the possibility of placing the food administrator in the Department of Agriculture. The food administrator would supervise the production and processing of food commodities and

their distribution to the various claimant sectors. The president did not seriously consider making Nelson--who, Wickard thought, was in league with the "big food industry," the Farm Bureau, and the Grange--the head of the new agency. Amidst swirling charges and countercharges, the OES director and Samuel Rosenman proffered a plan: the establishment of a food administrator within the department, which already had the requisite infrastructure to administer and coordinate the program. Responsible to the secretary of agriculture, the food administrator would supervise the allocation, distribution, and rationing of all food commodities.¹²

Once Roosevelt accepted this idea, he next had to choose a man to supervise the food program. Byrnes suggested Milo Perkins, executive director of the Board of Economic Warfare, as his first choice and then Chester C. Davis, president of the Federal Reserve Bank of St. Louis and former head of the Agricultural Adjustment Administration. He subsequently added Fred M. Vinson, associate justice of the United States Court of Appeals for the District of Columbia, and Marvin Jones, judge on the United States Court of Claims and former chairman of the House Committee on Agriculture, to the list of possible appointees.

Wickard knew all of these men, and when he learned of the possible selection of Davis, he registered his opposition with the stabilization director. In addition to personal reasons, he argued that Davis had evidenced slight sympathy for the aspirations of small-scale farmers and labor. The secretary surmised from the director's comments that he, Byrnes, was favorably disposed to the Farm Bureau and blamed labor for the Democrats' poor showing in the 1942 congressional elections. But the director was probably more interested in opposing Wickard's appointment than with the liberal-conservative struggle. The potential appointees exemplified the groups maneuvering to gain control of the food program: the conservative Farm Bureau hoped Davis would be named, and the liberals in the Farm Security Administration backed Marvin Jones.

At first, the liberals appeared victorious. Byrnes approached Marvin Jones about becoming food administrator. Jones demurred, contending that he did not want to be in a position under Wickard whom he did not know very well. Roosevelt finally decided to give Wickard the opportunity to supervise the food programs. In December 1942, he issued an executive order that centralized within the department the authority to ascertain requirements for

food, to implement the production program, to consult with the OPA on food rationing, to determine allocations with the WPB, and to collaborate with all other agencies involved in the food program. All disputes would be referred to the OES.¹³ Wickard now created Food Production and Food Distribution administrations within the department, but he still had to shape the farm program around the materials and labor that other agencies doled out to him.

This move to shore up the administration of the food program did nothing to relieve the confusion and internecine rivalries in the department. Wickard's problems intensified; he was unable to keep his assistants in line. Herbert Parisius, the food production chief, presented him with a plan to increase production by bringing small and marginal farmers into the production effort. This plan emanated from C. B. "Beanie" Baldwin and the Farm Security Administration. Aware of the rabid opposition of the Farm Bureau to such a scheme, the secretary temporized, and Vice-President Wallace, former secretary of agriculture, intervened when some of Wickard's assistants claimed the secretary was siding with the Farm Bureau. Wallace had the production program investigated. In early January 1943, he held a meeting with Wickard to thrash out

the problems in the program. Byrnes attended. The investigation, which resulted in few changes in the program, further eroded what little confidence Roosevelt and Byrnes had in Wickard.

Disturbed by the incessant upheavals in the department, the director asked Marvin Jones, on Wednesday, January 13, to become his agricultural adviser. Jones accepted and helped to ease the tension between Wickard and the OES. Wickard had had enough of Ed Prichard's arrogance and sarcasm. But Byrnes soon lost all patience with Wickard's halting moves to end the recurring food shortages plaguing different areas of the nation.¹⁴

As if the problems within the department were not enough, Wickard had jurisdictional disputes with other agencies, particularly the OPA. The most contentious issue between the department and the OPA revolved around the explosive question of food rationing. Officials in both agencies lamented the split authority in food rationing; and each side claimed a paramount right to control rationing, and each appealed to Byrnes. He interceded, and on February 12, 1943, an agreement was reached. The department was made responsible for determining the size of the civilian share of food and the extent and timing of rationing. The OPA would henceforth

develop the programs and the mechanisms of actual rationing. This truce rectified the difficulties arising from the split authority, but other problems in food rationing, especially in the supply of meats, were not solved during the war.¹⁵

On March 8, Wickard and two assistants, Sam Bledsoe and Jack Hutson, met with the director to explain why they opposed the imposition of a ceiling on the prices of live hogs. Exasperated by the secretary's rambling, discursive explanation, Byrnes walked out of the meeting and left him to explain the problem to Donald Russell and Marvin Jones. His irritation adumbrated what was to come.

Three days later, the clearance committee--Byrnes, Hopkins, Rosenman, Admiral William Leahy, and Baruch--summoned Wickard to the White House for a discussion of the farm labor shortage. An unpleasant confrontation followed. One of Wickard's aides present, Wayne Darrow, surmised that these men wanted to "crucify" the secretary. The accumulation of agricultural troubles convinced Byrnes that the duties of administering both the department and the war food program were too great for any one man, especially Wickard.

The director revived the idea of establishing a war food administration under the direction of one man. On

March 18, 1943, he broached this possibility at a meeting of his Economic Stabilization Board. Marvin Jones appeared at the meeting and recommended that Chester Davis should be appointed. Jones had no intention of being named to the post himself. Davis was agreeable to the board; so Byrnes suggested him to Roosevelt. That settled it. After a visit with the president and the director, and subsequent telephone conversations with the latter, Davis agreed to become war food administrator.

This decision, in effect, ended Wickard's participation in the war effort. He now only managed "Agriculture's soup kitchens" and kept "the books," administering the research bureaus, the Forestry Service, the Farm Credit Administration, and the Rural Electrification Administration. But Davis soon floundered in his position.¹⁶

Amid this bickering within the department, increases in the price levels of agricultural commodities endangered the stabilization program. Farm prices, perhaps the primary stimulant to the inflationary spiral, had to be brought under control. The enervating cycle was operative: labor would not moderate its wage demands unless farm prices were brought under control; and farmers opposed price ceilings so long as there were no effective

wage controls.¹⁷ The administration had to act in order to break the inflationary spiral's insidious grip on the economy.

On October 3, 1942, Roosevelt directed Leon Henderson, in consultation with Wickard, to establish ceiling prices for most food commodities. A temporary sixty-day freeze on food prices was imposed during which the stabilization director had to formulate a program to implement the anti-inflation mandate. To do this, he had to have the cooperation of the OPA and the Department of Agriculture. And he invariably faced the spirited and resolute opposition of the farm organizations and farm bloc.

Byrnes, Wickard, and Henderson testified about the freeze on farm prices before the senate agricultural committee. The farm bloc senators, especially Clyde Reed of Kansas, charged that the administration had not shown good faith or followed the intent of Congress by including government benefit payments to farmers in the calculation of parity prices: thus, lowering the price at which ceilings could be imposed. During heated exchanges Byrnes and the others refused to consent to any changes in the farm price policy, arguing that they were following the president's wishes.

Many newspapers and magazines applauded their stout defense. But Senator Elmer Thomas of Oklahoma vowed that opposition to the farm policies would drive Henderson out of office. Ed O'Neal of the Farm Bureau advised Byrnes that the farmers would not settle for this program. He enunciated what he thought the farmers wanted: draft deferments for farm workers; farm wages weighed in the computation of parity prices; no government subsidy payments to farmers; and higher prices, obviating the need for federal benefits.¹⁸ To many, the stabilization program was not inviolate.

Despite complaints from the farm bloc, the OES director went ahead with the formation of ceilings for wheat, flour, and other farm commodities. In middle October he approved the use of subsidies to prevent any increases in the price of bread. Later that month he approved Henderson's plan to revise the ceiling on pork products and required him to audit the meat-packing companies to determine whether their profits justified a reduction in retail prices. In November the OES worked out compromise ceiling prices for butter, dry skim milk, and cheese, with a subsidy for the latter.¹⁹

Controlling commodity prices was only one aspect of the food program. Obviously, consumers had to become

reconciled to less food; this meant that there would still be more strict controls on food production, pricing, and distribution. In late November the OES director decided that some guidelines had to be established for the use of subsidies, which he ordered the OPA to confine to essential commodities. The South Carolinian hoped that before subsidies were used, the affected industries would make concerted efforts to absorb some of the costs out of profits and to reduce costs by simplification and standardization of production. He also stipulated that the companies should not be able to improve their profit positions when subsidies were used. And in December he suggested to Wickard that the army, the navy, and the lend-lease administration be allowed to purchase government-owned wheat at parity price.²⁰

But the administration's food program had numerous detractors. Much of the criticism was justified. The farm program had been structured incorrectly by Congress. By limiting price ceilings to parity levels, the administration was unable to set prices that would stimulate production of foodstuffs in their desired quantities. Until there was a restructuring of the food program, Byrnes had to resort to attacking each problem separately. In January 1943, he ordered that the ceiling price for

corn include government payments to farmers. By holding feed grains below parity price, he hoped to induce farmers to increase the production of livestock, poultry, and milk and dairy products. The director also approved an increase in the price of milk. Problems in distributing milk to the different regions and in obtaining the proper balance between fluid milk and dairy products forced him, in February, to impose a sixty-day freeze on the price paid to producers of milk for fluid consumption. In April he approved subsidy payments for milk distributors in order to maintain price ceilings and to achieve a balanced production program.²¹

The appointment of Chester Davis as war food administrator did quell some congressional unrest. Byrnes was pleased that the Senate defeated the Pace bill requiring the computation of parity to include the cost of hired labor as well as the wages theoretically paid to the farmer's family. The overwhelming majorities that passed the so-called Bankhead bill posed a much greater threat to the stabilization program. This bill, named for its principal sponsor, Senator John H. Bankhead of Alabama, would prohibit the inclusion of government payments to farmers, such as conservation and allotment payments, in the computation of price ceilings. It would have raised

price ceilings by perhaps as much as 10 percent. Roosevelt had no choice but to veto the bill. Shortly after the veto he issued the "Hold-the-Line" order; thus, he, in the words of Prentiss Brown, gave Congress a "clear alternative between stabilization and inflation" as the order froze nearly all prices and wages.²²

For the most part, commentators outside of the farm bloc praised Roosevelt for this veto. And it was recognized that the struggle over the Bankhead bill represented the seminal stage of the inflation battle: either the stabilization forces would win this last ditch fight, or inflation would triumph for the duration. Byrnes helped to construct a parliamentary maneuver to ease the confrontation between the president and the Senate. Through friends in the upper chamber, he arranged to have the bill and the veto message sent back to the agriculture committee for further considerations. In this way, senators from farm states, like Democrat Scott Lucas of Illinois and Republican Arthur Vandenberg of Michigan, would not be compelled to vote to override the veto in order to appease Earl Smith of the Farm Bureau, a prime proponent of it. The congressional move was also interpreted as a calculated warning to the administration: control wages and prices, or envisage the probability of increased farm prices.²³

With the promulgation of the "Hold-the-Line" order Byrnes and his staff now had to formulate subsidy plans that would implement the president's and Prentiss Brown's pledge to "roll back" the cost to the consumer of meat, fresh and canned vegetables, and certain other commodities. Byrnes and Brown hoped to reduce by about 10 percent the retail prices of beef, veal, pork, lamb, mutton, coffee and butter. This "rollback" program, the director estimated, would cost \$450 million annually. Without a specific authorization from Congress, funds to finance the program had to come from the Reconstruction Finance Corporation and the Commodity Credit Corporation, both of which had huge revolving funds.

This program, which became fully operational during Byrnes's tenure as director of the Office of War Mobilization, was controversial from the outset. The conservatives, and especially the large farmers' organizations, evidenced little support for rollback subsidies. The program, nevertheless, was a sound approach for controlling inflation. By seeking to reduce the retail prices of essential food commodities, the Byrnes-OPA subsidy program would lower the cost-of-living index by perhaps 2 or 3 percent. And by holding down the cost of living, he and the WLB could cut from under labor its

prime justification for higher wages--the administration had stabilized, or even reduced, the cost of living.²⁴

At the time of the establishment of the OES, the paucity of agricultural workers posed the most serious threat to the farm program. The previous reserves of underemployed farm laborers had been dissipated. Workers had left the farm for more remunerative jobs in defense industries; the draft and enlistments also shrunk their numbers. Their wages now comprised a large part of the costs of production. By the summer of 1942, agriculture had been transformed into a "labor deficit industry," and farmers' discontent had risen accordingly.²⁵

Fully cognizant of the crisis and of the political clout of the farm organizations and farm bloc, the administration moved to relieve the shortage. In late October 1942, Paul McNutt, director of the War Manpower Commission (WMC), and Lieutenant General Lewis Hershey, head of Selective Service, began to defer dairy, live-stock, and poultry workers. The Agricultural Department imported about 6,000 Mexican laborers, whose treatment and working conditions were supervised by the Farm Security Administration (FSA).²⁶

Not satisfied, Ed O'Neal of the Farm Bureau complained to Byrnes that the WMC directive was not pervasive

enough and endorsed the Tydings amendment, which had just passed the Senate. And farmers, O'Neal wrote, objected to the standards set by the FSA controlling the wages, hours, and working conditions of imported labor. In March 1943, because of such opposition, the administration shifted control of farm labor to the War Food Administration (WFA). The WFA utilized the agricultural extension service, a cooperative federal and state educational organization that was closely connected with the Farm Bureau, to administer labor recruitment and placement.²⁷

Senator Millard Tydings of Maryland succeeded in winning acceptance of an amendment to a bill, which became law in November 1942, that would lower the draft age from twenty-one to eighteen. His amendment provided that a person engaged in agricultural work would be deferred as long as he continued to perform essential farm labor. Thus, farmhands joined ministers, theological students, and certain public officials as the only groups to be granted statutory group exemptions. While labor remained scarce, the farmers got by, as more than 1.5 million men were deferred for the remainder of the war.²⁸

At one of the first meetings of the Economic Stabilization Board, Byrnes presided over a "wild-and-woolly wrangle" concerning farm wages. McNutt and Wickard

challenged Ed O'Neal because of his opposition to any increase in farm wages. Byrnes remained silent and watched the angry exchanges between Wickard and O'Neal, turning his head from one man to the other like an aficionado at a tennis match. In November 1942, the director removed all restrictions on farm wages by ruling that these wages were substandard. He also gave Wickard authority to regulate farm wages until the increases threatened the price ceilings on food.²⁹

This problem sporadically proved troublesome for Byrnes in the next few months. In February and March 1943, he requested Secretary Stimson to undertake a study of the feasibility of furloughing men from the army to harvest crops, and he asked General Hershey to devise a plan to return former dairy workers, who were either in defense industries or in the armed forces, to the dairy farms. At different times during the war, he had to use both of these expedients. But by the first week of May 1943, Chester Davis advised him that the prognosis for finding enough farm labor was good for the remainder of the year.³⁰

The farm program, while far from perfect, worked well as record production levels were attained. Byrnes, who had no real role in the production achievements, was one

of the officials primarily responsible for the agricultural subsidies and for reorganizations of the administrative structure. In effect, he saved the conservatives and farm groups from themselves. His firm support of the use of rollback subsidies revitalized the stabilization program.

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CHAPTER VI BYRNES AND THE PRODUCTION EFFORT

While Byrnes's authority over price and wage policies was explicit, his relationship with the WPB and the military services rested on the prestige of his office, not on the OES executive order. Anxious to effect a modus vivendi with the new agency, Donald Nelson asked him to attend the November 10, 1942 meeting of the WPB. The responsibilities of the two agencies overlapped, because the WPB had some responsibility for rationing, for the effect of wage and price policy on production, and for subsidies to insure adequate production. Byrnes, who declined this invitation, thought such matters could better be discussed at the stabilization board meetings.¹

On November 6, Byrnes asked Nelson to have the Office of Civilian Supply determine "the bed-rock civilian needs consistent with maximum war production." In keeping with his intention to whittle down superfluous civilian production, he also ordered the WPB to initiate a program of simplification and standardization of consumer goods. Pressure on price ceilings, the discontinuance of low-end lines (inexpensive consumer goods), quality deterioration,

and concerns about rationing caused the OPA to urge the implementation of a program to standardize and simplify clothing articles, stoves, household furniture, bedding, waterproof footwear, and baby carriages. The director agreed because he considered the production of "\$100 suits and \$12 shoes" wasteful. He thought the manpower and raw materials should be used for more essential production. Exasperated by the slowness of the WPB, he directed his staff and the OPA to draw up a war models program requiring manufacturers to produce low priced supplies of such goods as bedding, razor blades, shoes, and so forth. By May he had begun to receive reports on the progress of this program.²

For much of the existence of the WPB, Nelson feuded with the spokesmen for the military services, particularly Stimson, Patterson, and Lieutenant General Brehon B. Somervell. Although the procurement activities of the services remained inviolate, the chairman of the WPB attempted to extend his civilian authority over the process of mobilization. Nelson tried to do this by requiring the military chiefs to pare down their 1943 production goals. In this he was partially successful, but his attempts to effect coordinated production scheduling met with little success.

The threat of imminent production lags forced him, on September 18, 1942, to bring into the WPB Charles E. Wilson, president of General Electric and an acknowledged production expert. Wilson, head of the Production Executive Committee (PEC), soon advanced a plan requiring PEC approval of all military procurement schedules. If approved, the PEC would have an overall coordinating function. This plan evoked the standard litany of charges from the armed services, which produced the denials and countercharges from the WPB. In December Roosevelt directed Stimson, Knox, and Nelson to find a compromise. They agreed to a plan allowing the PEC to schedule military production programs, but the military services still let the contracts, set their production needs, and determined, if a cut was necessary, what the reduction would be.³

Internechine rivalries with the WPB helped to convince Byrnes and others that a change had to be made. Coterminous with the appointment of Wilson, Nelson named Ferdinand Eberstadt as production vice chairman to alleviate the allocation snarls. Eberstadt, who wanted the WPB to be a "materials-control" agency, represented the military point of view, while Nelson and Wilson advocated greater WPB control of production scheduling. By early 1943, Nelson, displaying more assertiveness, had made

Wilson his principal assistant. It appeared that the chairman now would push for more authority over production. The military procurement officers and spokesmen for the War and Navy departments had had enough.⁴

During February Stimson mobilized his cohorts--Patterson, Knox, and Forrestal--to pressure Roosevelt to remove Nelson in order to preserve Eberstadt's and the military's view of the proper role and responsibilities of the WPB. The secretary of war knew they would first have to win over Byrnes and Hopkins. By middle February Patterson reported back that Hopkins seemed ready to assist them. The next day, February 16, Knox informed Stimson that Roosevelt had decided to name Baruch as the new chairman, once Nelson had been relieved of his duties.⁵

Byrnes needed no encouragement to back the maneuver to bring in Baruch. They had been close friends since the director's early political career in South Carolina, and he respected Baruch's intelligence and his political prowess. Furthermore, the public airing of the squabbles within the WPB troubled Byrnes and Roosevelt. Finally, early in 1943, the president asked the stabilization director to find a way to end the row.

After conferring with military leaders, presidential advisers, and congressional chieftains, Byrnes advised

Roosevelt not to name Wilson as Nelson's replacement: Wilson had yet to demonstrate the requisite executive and administrative abilities; and his appointment would only exacerbate the dissension in the WPB. In addition, Wilson seemed too fickle, as he had threatened to resign if Nelson did not increase his responsibilities. Instead, Byrnes recommended Baruch for the post. The military wanted him; most department heads, including Ickes, would approve; Baruch could probably handle Rubber Director Jeffers; congressional reaction would be favorable; and Hopkins had expressed his approval. At their conference, Roosevelt acceded, and the director drafted a letter for Roosevelt's signature that asked the "elder statesman" to take over the WPB.⁶

Returning to the OES offices, he had the letter typed and promptly returned to the president, who signed it. Byrnes then left for Baruch's hotel suite. Once the offer was made, Baruch hesitated, wondered if he could stand the physical strain, and postponed his decision. He told the disappointed Byrnes that he would telephone his answer the next day, February 6, from New York. Stricken by an illness and unable to return to Washington for ten days, Baruch, nonetheless, sent word that he would accept the post.⁷

By the time that Baruch returned to the capital, the situation had changed dramatically. Robert Nathan of the WPB had a breakfast meeting with Nelson and told him about the Baruch letter. Edward Prichard, a staff member of the OES, had supposedly told Nathan of its existence. Indeed, all Nelson had to do was to read the newspapers to learn of his perilous position. And with one deft maneuver, he saved his job. That morning, February 16, he "resigned" Eberstadt and delegated almost complete administrative authority to Wilson, who became executive vice chairman. Confronted with this fait accompli Roosevelt had no choice but to keep Nelson as chairman. When Baruch journeyed to the White House on February 16, the president acted as if the letter had never been written, briefly spoke about foreign affairs, and left for a cabinet meeting.⁸

Nelson had other conflicts with the military services. In September 1942, the scarcity of rubber compelled Roosevelt to set up the Office of Rubber Director (ORD). Then, Nelson appointed William Jeffers, president of the Union Pacific Railroad, as its director and delegated to Jeffers all of his authority relating to rubber. Using the Baruch committee report as his "Bible," Jeffers soon collided head on with the military services

and other agencies. He exhibited little patience for the production programs of other administrators who, he thought, wanted to protect their own programs at the expense of synthetic rubber. No one denied the crucial importance of rubber production, but a shortage of component parts--these were needed to construct rubber production facilities, escort and other naval vessels, high octane gasoline plants, and airplanes--forced others to challenge Jeffers. In December Nelson, acceding to Jeffers's demands, issued freeze directives for about 20 to 25 percent of the rubber and high octane gasoline plants that were to be built. This, in effect, gave the rubber and gasoline programs priority over all others. If this was not done, there would be, he argued, a serious crisis in rubber production in the latter half of 1943.⁹

The military services, including Leahy and the Joint Chiefs of Staff, objected, and during January Stimson and Knox met often with Nelson, hoping to reconcile the demand for and the supply of the scarce parts. On January 1, for example, Nelson, Wilson, Knox, Forrestal, Stimson, and Patterson discussed the scheduling problems in the high octane gasoline, rubber, and escort vessels programs. The service secretaries would not acquiesce to Nelson's plan, and the WPB chairman agreed to

devise an acceptable program. The next day, during another conference, they assigned Fred Searls, an executive of the Newmont Mining Corporation and a member of the WPB, to check Nelson's latest plan. More conferences ensued. The participants included Ickes and Ralph Davies of the Interior Department; Knox and Forrestal; Jeffers and Colonel Bradley Dewey of the ORD; Admiral Emory S. Land and Willard Rockwell of the Maritime Commission; Nelson, Wilson, Eberstadt, and Searls of the WPB; and Stimson, Patterson, and Robert A. Lovett of the War Department.

No solution came out of these conferences. They did acknowledge that all programs were essential and that some reconciliation had to be effected. This confusion, an exasperated Stimson confided to his diary, exemplified Roosevelt's "impulsive methods and the lack of a proper coordinating authority" because all of these programs were on his "must" list. Nelson had two alternatives: pursue a revised and concurrent production schedule for all the programs, or ask Roosevelt to enumerate which program had priority.¹⁰

Finally, tiring of Nelson's failure to pound out a compromise, the president asked Byrnes to meet with the disputants and to devise an agreement. He again had to

turn to Byrnes because of the impotence of the WPB chairman and the lack of an overall coordinating agency. On January 9, Stimson, Knox, Ickes, Jeffers, Nelson, and their aides assembled in the White House offices of the OES. This meeting lasted nearly three hours and was a sad commentary on Roosevelt's administrative procedures. It reminded Stimson of "hungry dogs quarreling over a very inadequate bone."

Jeffers defended his plans, asserting that the work force had to have rubber to meet war production requirements. Unconvinced, Stimson, who thought the civilian rubber consumption should be pared even more, depicted the urgent demands of the armed forces. And on around the table it was the same, as each participant listed his requirements for the component parts. Nothing was solved, but at least the secretary of war was impressed both by the way Byrnes handled the meeting and by his abilities and demeanor.¹¹

This meeting convinced the stabilization director that all programs would have to be brought along concurrently. Impressed by Searl's comments at the meeting, Byrnes asked him to devise a schedule that would allow a part of each program to be rushed to completion. He then visited the president, who was about to leave for the

Casablanca conference on that same day, January 9.

Briefly outlining the complexity of the problem, Byrnes told him that he planned to formulate concurrent production programs. That satisfied the president, but because of his love of the sea, he said, "'Jimmy, don't forget the Navy.'"12

Finding an acceptable proportional schedule, Byrnes soon realized, was not easy. By middle January, he thought he could win acceptance of Nelson's revised plan to schedule for early completion 55 percent of the rubber facilities and to provide additional allocations to the navy. But when the WPB furnished the OES with the actual schedule, the director found that it envisioned a 62 percent plan. If this plan was not implemented, Jeffers and his advisers threatened to resign. They thought it would provide the minimum level of synthetic rubber needed for the war effort.¹³

Furthermore, Patterson adamantly opposed even the 55 percent proposal. He and Forrestal complained that military production and, therefore, the war effort would be seriously jeopardized by the WPB schedule. Such a program, they warned, would mean a 5 million barrel reduction in high octane gasoline production, the loss of nearly 15,000 tactical airplanes, a two-month delay in the

escort vessel program, and other serious production delays. This would have impeded the implementation of war strategy. Characterizing Jeffers's approach to rubber production as wasteful and unrealistic, they advocated a 15 percent across-the-board cut in rubber consumption. Byrnes realized that Jeffers's demands were inflated because he had been very liberal in the allocation of tires to people in not so essential civilian occupations and staffed his agency with representatives of the petroleum industry. Leon Henderson had charged earlier that Jeffers catered to pressure groups.¹⁴

On January 19, the stabilization director invited Stimson to the White House so that he could explain the compromise, which Patterson had rejected. The secretary, more amenable, realized that rubber had to be brought along with other crucial programs. With the technical advice of Fred Searls, the director devised a plan that assuaged Stimson. He proposed to allow Jeffers the necessary priorities to secure materials for about ten facilities for the production of styrene and copolymer. This would balance with the butadiene production and would expedite synthetic rubber. The OES director proposed to give the army priorities for the completion of three West Coast high octane gasoline plants and to allow the

navy \$3,000,000 in materials to speed the construction of those vessels that could be launched by May 1, 1943. Byrnes believed this protected all essential programs.¹⁵

At the Casablanca conference American and British military leaders persuaded the president that there should be no delays in the escort vessel, aircraft, and high octane programs. In a letter to Byrnes, his intent was explicit, "The prosecution of the war comes first." But he hoped that once the continued production of the military goods was assured, the rubber program could be made as large as feasible.¹⁶ This letter exemplified Roosevelt's necessitarian approach to the war. Similarly, at no time during this controversy did any of the principals, including the president and Byrnes, express any concern for what would happen to the plants after the war.

With this presidential mandate, the director now wrote Nelson and insisted upon his compromise solution. He rejected outright the latest demand from Nelson and Jeffers--for a 67 percent program, including urgency ratings for "bottleneck" materials to provide for the construction of 74 percent of the butadiene facilities; 74 percent, styrene; and 55 percent, copolymer--and directed the WPB chairman to grant priorities so that 55 percent of each of the three types of facilities could be

rushed to completion. At the same time he should also assign priorities for three high octane gasoline plants for the army.¹⁷

On Friday, January 22, 1943, Stimson, during a telephone conversation, told Byrnes that he would accept this plan; that same day, Forrestal also agreed to abide by its terms. The next morning, Saturday, January 23, the secretary of war, who had been informed of the substance of the president's letter by someone at the Casablanca conference, told the director that he would still stand by their agreement of the previous day. Byrnes greatly appreciated this. There was actually no conflict between the program and Roosevelt's letter. The confusion resulted from an omission in Byrnes's telegram to the president. He failed to note that the accelerated rubber production would be used entirely for military purposes.

In order to conform completely to the president's wishes, the director made minor changes in his program. He ruled that the materials needed for the rubber and high octane facilities would not be superior to "AAA" priority ratings, so that Nelson could issue these ratings for the component parts if there appeared delays in the aircraft or vessel schedules. On Monday, January 25, Byrnes met with Jeffers and Colonel Dewey. As expected, both were

furious with the compromise, but the plan went into effect anyway.¹⁸

By the start of the new year, 1943, Roosevelt had more sharply defined Byrnes's role. Walter Lippmann noted a salient change in Roosevelt's behavior: he had become bored with domestic policy and contemptuous of the complaints about the irritants of wartime regimentation. The president, who was now engrossed in the military and diplomatic aspects of the war, increased the director's responsibilities in order to test his administrative and managerial abilities.¹⁹

Furthermore, most cabinet members had little authority over the mobilization effort; the czars did not enjoy cabinet status. By circumventing cabinet members and by not establishing clear, explicit parameters for the war agencies, Roosevelt had created an administrative structure replete with crises. A void existed and no agency had overall supervisory responsibilities.

Byrnes had been able partially to fill this vacuum, but without explicit authority he was in a tenuous position. And the director knew from experience that the duties of OES restricted his time and energy for more important problems. Byrnes's tenure as OES director had been a success; the agency's policies had slowed inflation

and put the stabilization program on a firm foundation.

Roosevelt and Byrnes now decided to enlarge his responsibilities for the home front.

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¹²Byrnes, Lifetime, pp. 170-71.

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¹⁴Robert Patterson and James Forrestal to Byrnes, January 17, 1943, Leon Henderson to Roosevelt, January 18, 1943, "WPB--Rubber," Packet 3, Byrnes Papers.

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¹⁶Alex [Roosevelt] to Byrnes, January 23, 1943, Folder 3, "Newburg 38," Box 15, Map Room, FDRL.

¹⁷Byrnes to Donald Nelson, January 23, 1943, "WPB--Rubber," Packet 3, Byrnes Papers.

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¹⁹New York World-Telegram, December 17, 1942; W. H. Lawrence, "Byrnes Grows in Power As Agent of President," New York Times, December 27, 1942; Walter Lippmann, "Today And Tomorrow," Washington Post, December 31, 1942; Raymond Clapper, "Change of Pace," New York World-Telegram, January 9, 1943.

CHAPTER VII
THE BIRTH OF THE OFFICE OF WAR MOBILIZATION

Even though Byrnes had responsibility for much more than economic stabilization, no overall agency or administrator supervised the entire mobilization effort. The press and congressional critics incessantly demanded such an agency. The New York World-Telegram, for example, argued that the failure to establish a war cabinet hurt the war effort. The Kilgore subcommittee of the Senate Military Affairs Committee advocated the creation of an overall authority, the office of war mobilization, with powers to determine and enforce policies. An example of coordination by consolidation or amalgamation, the Kilgore report urged the unification of all operating agencies into one huge organization. To this end the Tolan-Kilgore-Pepper bill was receiving much favorable publicity.¹

The administration seemed to have no comprehensive policies to deal with manpower, economic stabilization, and production. After hearing testimony from Byrnes and studying the activities of the OES, the Kilgore subcommittee depicted the director's actions as curative,

not preventive. The report also criticized Byrnes because he had not coordinated wage and price policies with manpower and production programs. Indeed, Helen Fuller, writing in the New Republic, expounded on the criticism of the Kilgore report by arguing that the OES director had not fully utilized the blank check the president had given him. Instead of achieving specific program objectives, Byrnes, she reasoned, had only resolved controversies. Ironically, the disparagement of the stabilization director peaked on May 27. Arthur Krock wrote that the well-worn "New Deal doghouse" was being remodeled so that it could easily accommodate Byrnes. Even Harry Hopkins supposedly approved of these alterations. Defending the OES director from the gossip of the New Deal coteries, Krock, nevertheless, thought the entire home front administration, including Congress, belonged in a doghouse.²

During the Trident conference, May 12 to May 25, 1943, Roosevelt and his military advisers met with Prime Minister Churchill and his party at the White House. The discussions of broad military policy and strategy reinforced the Allies' dependency on American production. Byrnes used this opportunity to extract himself from a situation he considered untenable. He believed that the

Tolan-Kilgore-Pepper bill would prove burdensome because it lacked the requisite flexibility and would create an unwieldy organization. He thought such a superagency would deprive its director of the degree of "initiative and adaptability" that he found irreplaceable in his OES post. What was needed was more policy coordination, not administrative consolidation.³

By middle May 1943, his OES experiences had convinced Byrnes that the responsibilities of his position restricted his effectiveness as a presidential adviser and home front administrator. The nexus he had established as a legislator and his role as Roosevelt's mediator required him to see large numbers of legislators and their constituents, who pleaded for exemptions. In addition to enervating his position with Congress, Byrnes had become the person who had to say "no" to other special interest groups. This lessened his effectiveness and the president's popularity.

Furthermore, the OES post had evolved into something diametrically opposed to what Byrnes and the president had originally envisioned. It had grown beyond the "appellate court" concept, with the director deciding cases based on suggestions from the subordinate agencies. Along with his authority to make determinations for the stabilization

program, Byrnes found that he also had to intervene in correlative programs, such as rationing and price fixing, in order to insure the smooth operation of administration policy. And he had grown weary of hearing petty complaints about price ceilings and wage increases. To him, the settlement of the coal strike and other problems outside of the formal, bureaucratic jurisdiction of the OES were much more significant than establishing price ceilings for such commodities as evaporated milk. Besides, he was in need of a rest; he had recently been bothered by colon trouble.

In a letter sent on May 14, he unburdened himself to the president. Arguing that he could be more effective in some other position, he suggested the OES offices should be moved so that its activities would not be linked directly to the president. Byrnes recommended Fred M. Vinson, Marvin Jones, or Bernard M. Baruch as his replacement. This letter had its intended effect. On Monday, May 17, Roosevelt had a luncheon meeting with the OES director. The president was very solicitous, stating that the letter had darkened his weekend. Byrnes then presented his ideas on the creation of a mobilization office. Its director would be responsible only to the president. With only a handful of staff members, this office would

have extensive authority over war production, allocation, and manpower.

Roosevelt agreed with him. Even though he had an innate antipathy for delegating authority and sharing responsibility, the president had no real alternative. He had to head off demands, increasing in number and stridency, for a superagency, and he had to end bickering among department heads and production lags. Byrnes described an agency that would coordinate policy for the executive branch. Such an agency suited the president, who directed him to draft an executive order.⁴

The OES director then called together Ben Cohen, Donald Russell, and Wayne Coy of the Budget Bureau and discussed what he and Roosevelt wanted. They drafted an order, which was submitted to the president on May 22. Other advisers, such as Harold Smith and Samuel Rosenman, reviewed the draft and approved it. While the executive order was molded into its final form, Byrnes maintained an undisturbed schedule. On May 24, he and his wife attended a dinner at the home of Eugene Meyer, publisher of the Washington Post, and afterward watched an exhibition baseball game to encourage the sale of war bonds.⁵

On May 27, 1943, Roosevelt promulgated Executive Order 9347, establishing the Office of War Mobilization

(OWM). He hoped its creation would bring to an end the diffusion of energies by balancing production, procurement, transportation, and distribution of military and civilian supplies, materials, and products. Eschewing the establishment of another operating agency at the apex of the bureaucracy, he chose to empower an agency that would respond to the immediate and future needs of the executive branch.

This executive order, marked by brevity and directness, made an unprecedented delegation of authority. Indeed, Byrnes later accurately wrote that it "conferred on me greater authority than a President had ever previously delegated." With offices in the White House, the OWM director was responsible for the development of unified programs and policies in order to obtain the maximum utilization of natural and industrial resources for military and civilian needs, to supervise the effective employment of all manpower not in the armed forces, and to stabilize and maintain the civilian economy. This new agency was to unify the activities of all agencies and departments concerned with the war effort. Roosevelt directed it to resolve all controversies among agencies, except those within the purview of the OES. The OWM had the authority to issue directives to all agencies and

departments in order to implement its policies. The OWM director also functioned as the chairman of the advisory War Mobilization Committee (OWMC). The OWMC had as its other members Secretary Stimson, Secretary Knox, Harry Hopkins of the Munitions Assignments Board, Donald Nelson, and the new OES director.⁶

That same day, May 27, the president announced the appointment of James F. Byrnes as director of the OWM. He remained in his offices in the east wing of the White House. The OES, now located in the Federal Reserve Bank building, continued in operation. The president named Fred M. Vinson of the United States Court of Appeals for the District of Columbia as director of the OES. At noon on Friday, May 28, during a press conference, Byrnes characterized his new duties as more pervasive than his former responsibilities. Subordinate only to the president, he had to coordinate and supervise the entire domestic war effort, but he did not plan to administer his policy decisions. On May 29, Chief Justice Richard S. Whaley of the United States Court of Claims, an old friend of Byrnes, administered the oath of office to the OWM director.⁷

The promulgation of the order surprised the news media. Its scope was impressive. Merriman Smith, whose

articles appeared in the New York World-Telegram, believed Byrnes had "virtually unlimited authority to control all phases" of mobilization. The Christian Science Monitor asserted that he would relieve the president of many burdens by mediating disputes before Roosevelt even became involved. For the most part, the press tempered the hopeful tenor of the news stories about the OWM with the harsh realism of the past failures. For instance, both the New York Times and The Times of London characterized the order as a highly significant action but urged the readers to adopt a wait and see attitude.⁸

The OWM director, the Wall Street Journal noted, would fashion programs and determine policies and then supervise their implementation. Byrnes also would settle controversies that had previously demanded the attention of Roosevelt. Most of all, the Wall Street Journal proclaimed the OWM as the supreme economic council that was needed to end the division of authority and consequent scattering of responsibility. Similarly, William Lawrence asserted that Byrnes now had to coordinate military production and civilian needs, to supervise all other czars, and to end interagency quarrels. Both Lawrence and Ben W. Gilbert explained that the OWM director would particularly be responsible for reconciling the conflicts

between the WPB and the military services. Turner Catledge of the New York Times and Richard Strout of the Christian Science Monitor approved the simple but powerful OWM.⁹

While not questioning Byrnes's executive ability or his integrity, Merlo Pusey wondered whether the OWM director would be allowed to use his authority. Some doubted that Roosevelt would restrain his own and other New Dealers' meddling in the jurisdiction of the OWM. Even less sanguine, I. F. Stone believed this order meant that the military would have a free hand because Byrnes would continue to operate as an umpire. Instead, mobilization, Stone argued, required a total effort, an end to the business-as-usual mentality--a careful balancing of manpower, production, and economic stabilization. Similarly, the New Republic hoped that Byrnes would move beyond his proclivity for refereeing so that he could effect real mobilization by controlling the procurement activities of the military.¹⁰

Neither Byrnes nor the president had any intention of modifying their conception of the OWM. Byrnes's staff remained diminutive: Ben Cohen as legal adviser; Donald Russell as assistant to the director; Walter Brown, who had handled the OES press relations since April 1,

1943, as press officer and research adviser; Fred Searls as production and industrial adviser. Cassie Connor continued as his administrative assistant and confidential secretary. In addition, Marvin Jones still offered advice on agricultural matters, and Byrnes pleased the conservative and business elements by naming Bernard Baruch as a special consultant. A year after its creation, the OWM still had only ten paid employees of all ranks on the regular staff. Whenever the specific need arose, the director borrowed people, such as Oscar Cox, from other agencies.¹¹

The director used the new mobilization committee, the OWMC, in much the same manner he had used the stabilization board. At the first, the OWMC met frequently with the president in attendance. Each meeting was concerned with prearranged topics, usually current controversies. Never conceiving of the OWMC as a planning body, Byrnes thought of it as an advisory board, used it as a channel to disseminate the president's and his views to the other agencies, and allowed other administrators to raise various policy alternatives. The OWMC never evolved into a war cabinet. Labor leaders complained because they had no representative on it. During the few months that meetings were held, its members became acquainted with the multifarious issues affecting the mobilization process.¹²

Protected now from the minutiae of his old post in the OES, Byrnes retained the same administrative function, but now presided over the entire home front. He considered his primary role as the top prodding and supervising administrator with responsibility to formulate policies, to provide impetus for the implementation of the policies, to assure administrative harmony, and to act as chief liaison with Congress. In short, Byrnes considered himself the president's ombudsman for the home front. To this end, Donald Russell established guidelines for the OWM staff. The OWM had two primary tasks: to supervise the competent execution of policy by the agencies and departments; and to coordinate all separate programs by effecting policy integration and by resolving all controversies. The staff also was to facilitate the interaction between Byrnes and the other agency heads. The OWM, an "adjunct" to the oval office, had to make the decisions not easily determined at the department level.¹³

The OWM came into existence at a most inauspicious time. Life remarked that Byrnes had enough trouble "to drive an ordinary man insane." Each sector of the war effort seemed on the brink of disaster: a nationwide coal strike and other serious labor disputes; confusion and personnel problems in the OPA; farmer and worker assaults

on the stabilization program; incessant rivalries among civilian administrators; disharmony between Congress and the administration; and social upheavals. When confronted by such home front woes, all Americans, Walter Lippmann lamented, should blush. Indeed, these domestic troubles, Newsweek claimed, indicated how disunified the American people had become.¹⁴

During these turbulent first few months of the OWM's existence, political commentators scrutinized Byrnes's every action in order to divine whether this latest agency would fulfill their expectations of it. The New Republic lamented the director's early actions because he had not renounced his judicial methods. Indeed, Byrnes had allowed the haphazard mobilization process to continue unimpaired. Similarly, the Nation decried the ability of big business and the military procurement officers to persuade Byrnes to retain the status quo. Furthermore, I. F. Stone complained that the administration's relations with Congress had actually deteriorated since Byrnes had left the Court.¹⁵

While liberal spokesmen fretted about big business and military domination of the mobilization effort, conservatives voiced their disappointments with the OWM. The Wall Street Journal, Mark Sullivan, and Life complained

that Roosevelt had not delegated full authority to the OWM and that Byrnes was remiss in not moving more quickly to stabilize the economy. Similar grumblings echoed through the halls of Congress. Some legislators criticized Byrnes because he used his vast authority only as a "super trouble shooter." Some maintained that Roosevelt still made too many decisions on domestic issues and relied too heavily on the Hopkins-Rosenman-Justice Felix Frankfurter coterie.¹⁶

Regardless of these real or supposed defects in Byrnes's management of the home front, the OWM was a bold move to untangle the administrative complexities. Quite correctly Byrnes and the president had rejected coordination by consolidation as envisioned in the Tolan-Kilgore-Pepper bill. The ills of the home front could not have been cured by a top-level agency with operating responsibilities. Instead, they chose to have the agency achieve coordination by policy and program determination. As Stimson recorded in his diary, Byrnes was now straightening out the jumbled administrative structure that Roosevelt's proclivity for competition and his jealous guarding of authority had spawned. In August the president reportedly told a friend that since Byrnes had assumed his OWM post, he, Roosevelt, now had time to "sit

down and think." Certainly one of the most important men in the administration, Byrnes and his OWM advisers, such as Vinson, Marvin Jones, and Baruch, contributed political sagacity, practical wisdom, and strong nexus with Congress.¹⁷

NOTES TO CHAPTER VII

¹Somers, OWMR, pp. 37-50; New York World-Telegram, April 26, 1943; New York Times, May 13, 1943.

²New York Times, May 16, 1943; "To Shorten the War," Nation, May 22, 1943, p. 726; Helen Fuller, "The War-Mobilization Crisis," New Republic, May 24, 1943, pp. 691-93; Arthur Krock, "In The Nation," New York Times, May 27, 1943.

³Somers, OWMR, pp. 49-50; Byrnes, Lifetime, p. 183; Christian Science Monitor, May 1, 1943.

⁴Byrnes to Roosevelt, May 14, 1943, 66, Byrnes Papers; Byrnes to Harry L. Hopkins, May 14, 1943, "Footnote 1943," Box 299, Sherwood Collection, Hopkins Papers; Byrnes, Lifetime, pp. 183-85; Burns, Roosevelt, p. 340.

⁵Byrnes, Lifetime, p. 184; Somers, OWMR, pp. 48-49; Samuel Rosenman to Roosevelt, May 24, 1943, "PSF Rosenman," PSF Box 184, FDRL; Frank [Knox] to Annie [Knox], May 25, 1943, Box 3, Frank Knox Papers, Manuscript Division, Library of Congress.

⁶PPA, 1943, pp. 232-35; Byrnes, Lifetime, p. 186.

⁷Byrnes, Lifetime, p. 186; Press conference transcript, May 28, 1943, "Subsidies--Agriculture," Packet 2, Byrnes Papers; New York Times, May 30, 1943.

⁸New York World-Telegram, May 28, 1943; Christian Science Monitor, May 28, 1943; New York Times, May 29, 1943; The Times (London), May 29, 31, 1943.

⁹Wall Street Journal, May 29, 1943; William Lawrence, "Byrnes Heads New Six-Man Board to Direct all War Mobili-

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zation," New York Times, May 29, 1943; Ben W. Gilbert, "Byrnes To Govern Home Front War Issues," Washington Post, May 29, 1943; New York Times, May 29, 1943; Christian Science Monitor, May 29, 1943. For other favorable accounts, see: Turner Catledge, "Commander in Chief for the Home Front," New York Times Magazine, June 6, 1943; "Home Front Cabinet," Time, June 7, 1943, p. 22.

¹⁰Merlo Pusey, "Wartime Washington," Washington Post, June 1, 1943; Arthur Krock, "In The Nation," New York Times, June 1, 1943; I. F. Stone, "Enter The New OWM," Nation, June 5, 1943, pp. 798-99; "A Super War Cabinet," New Republic, June 7, 1943, p. 748.

¹¹Byrnes, Lifetime, p. 186; Somers, OWMR, pp. 54-55; New York Times, June 10, 1943; Oscar Cox to Samuel Rosenman, June 10, 1943, "Cox, Oscar," Box 1, Rosenman Papers.

¹²Byrnes, Lifetime, p. 187; Somers, OWMR, pp. 56-57; Stimson Diary, June 8, 1943, Stimson Papers; New York World-Telegram, April 1, 1944; New York Times, May 30, 1943.

¹³V. O. Key to the Director [Harold Smith], June 24, 1943, Donald Russell, "Memorandum For The Staff," July 27, 1943, V. O. Key to Sidney Stein, Jr., August 16, 1943, "Organizations--2," Box 3, RG 250.

¹⁴"Byrnes Goes Home," Life, June 14, 1943, pp. 37-38, 40; Walter Lippmann, "Today And Tomorrow," Washington Post, July 1, 1943; "Strife and Strain in the Nation Reflect Home-Front Bungling," Newsweek, July 5, 1943, pp. 31-32.

¹⁵"A Bad Start for the OWM," New Republic, June 14, 1943, p. 784; "The Shape of Things," Nation, June 19, 1943, p. 850, July 3, 1943, p. 3; I. F. Stone, "The Cantankerous Congress," Nation, July 31, 1943, pp. 118-19.

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¹⁶Wall Street Journal, June 23, 25, 1943; Mark Sullivan, "Director Byrnes," Washington Post, June 16, 1943; "Roosevelt's Home-Front Troubles," Life, July 12, 1943, p. 30; New York Times, July 1, 1943.

¹⁷Harold Stein, "Notes on Economic Mobilization," Public Administration Review, X (Autumn 1950), pp. 236-44; Stimson Diary, July 2, 1943, Stimson Papers; New York World-Telegram, August 26, 1943; New York Times, September 19, 1943; Helen Fuller, "The Ring Around the President," New Republic, October 25, 1943, pp. 563-65; "U.S. At War," Time, November 29, 1943, p. 19.

CHAPTER VIII
THE OFFICE OF WAR MOBILIZATION:
LABOR AND MANPOWER PROBLEMS

During the last few days of May 1943, the negotiations between the representatives of the United Mine Workers (UMW) and the coal mine operators broke down. On May 25, 1943, the WLB denied the two dollars a day wage increase, increased vacation pay, and referred back to arbitration the issue of portal-to-portal pay. Further mediation failed. So on Tuesday, June 1, even though the government still controlled the mines, more than 500,000 union members struck. This latest demonstration of the miners' temerity infuriated Roosevelt, Byrnes, and the general public.

The mobilization director immediately worked to develop a unified policy, advising both the WLB and Ickes to refrain from issuing any public statements. On June 2, during a meeting with Ickes and Abe Fortas of the Interior Department, Ben Cohen handed the director a copy of a WLB press release. The board had just prohibited any negotiations while the strike continued. Furious, Byrnes immediately telephoned Wayne Morse, a public member of the WLB, who stated that if this order was overturned, the

board members would resign en masse. As Morse later explained, the WLB had had no real alternative: either treat this case as it did all others by stopping all negotiations during a strike; or allow mediation to continue which would severely damage the effectiveness of the WLB. And the board members believed the operators might sign a contract, knowing that the WLB would void it. This would tend to shift all the blame to the board.¹

That day, June 2, the WLB referred the strike to the president, describing it as the most "reckless and wanton" flouting of the "no-strike" pledge. Uncertain about what to do next, Roosevelt called in Byrnes who complained about the latest WLB order. Early that evening the president met with the mobilization director, Ickes, and eight WLB members. Unhappy with the situation, Roosevelt's disposition did not improve as he listened to the wrangle between the board members and Ickes about what course to follow. Secretary Ickes advocated the negotiation of an interim agreement so that coal could be mined. The board members counseled that there could be no compromise until the union met the WLB terms. The president, supporting the latter position, directed Byrnes, Ickes, and William Davis of the WLB to draft a statement setting forth the administration position.²

The president issued this statement on June 3. It affirmed his support of the WLB and ordered the miners back to work on Monday, June 7, 1943. Lewis complied and had the miners return to the pits until June 20. The WLB again attempted to conduct negotiations, but Lewis boycotted each session. Nevertheless, on June 18, the WLB, with the labor members dissenting, announced its terms for the coal contract. It allowed the average miner twenty-five cents a day wage increase, promoted the six-day work-week, returned the portal-to-portal issue to negotiations, and outlawed strikes for the duration. The operators offered to implement these provisions. Lewis rejected this "yellow-dog contract." The next day, June 19, sporadic strikes broke out. William Davis, on June 22, appealed to the president to enforce the WLB order. These new work stoppages exacerbated his and Byrnes's outrage. The OWM director thought it was time to prove to Lewis that he could not flout with impunity government orders.³

Congress had to respond to the public outcry against these strikes; in June it passed the Smith-Connally bill. It put the WLB on a statutory basis; so its orders could be enforced more easily. The bill reemphasized the president's authority to seize war plants closed by strikes; required a thirty day cooling-off period and a

majority of the union members to vote for a strike before a strike could take place; prohibited strikes in plants that the government had taken over; and outlawed union contributions to political campaigns. Poorly drafted and patently antilabor, the bill was misdirected because it was based on the assumption that union leaders, especially John L. Lewis, and not rank and file unrest, were responsible for the strikes. The provision requiring a strike vote only demonstrated the pervasive discontent of union members.

Its passage confronted the president with a dilemma. He wanted more authority to deal with strikes but did not want to antagonize labor leaders. Trying to find a way out, Roosevelt had had Byrnes and others devise a plan to draft strikers into the army. In early June the director met with Oscar Cox, Francis Biddle, Ben Cohen, and Donald Russell and discussed submitting a bill providing for the induction of those workers who struck any plant that the government had seized. This would be an amendment to the selective service act and had none of the liabilities of the Smith-Connally bill. With the reoccurrence of the strikes after the WLB order of June 18, these advisers completed an order directing the local draft boards to prepare for the induction of all

miners, forty-five years old and younger, who had walked out. On June 23, Roosevelt, denouncing the strikes as "intolerable," ordered the miners back to work and asked Congress to permit the induction of strikers up to the age of sixty-five.

Then on June 25, he vetoed the Smith-Connally bill and reiterated his request for an amendment to the selective service act. The veto question had split the administration. Stimson and Knox advised the president to sign the bill, while Ickes, Paul McNutt, Frances Perkins, and William Davis hoped for a veto. Byrnes, like Roosevelt, favored a bill that would prohibit strikes in plants which the government had taken over. Not particularly happy with the ancillary provisions of the bill, the director thought that the bill was acceptable.

Most of the congressional leadership viewed the bill as Byrnes did. The veto shocked them. Speaker Rayburn believed that the president had misled the House leadership into thinking the bill was acceptable. The administration supporters in each house made only perfunctory attempts to sustain the veto. Within a matter of hours Congress easily overrode it.⁴

This law had little salutary effect on the coal crisis. On June 23, Lewis again outmaneuvered the presi-

dent by ordering the miners back to work until October 31. He stipulated that they would work only for the government. All the union members had returned to the mines by July 5, 1943. The administration had learned an unpleasant fact: it could seize a property but not a union. During the summer of 1943, Lewis adopted a new strategy; he concluded an agreement with the Illinois operators that included a daily payment of \$1.25 as a portal-to-portal settlement. He had broken the solidarity between the operators and the government.⁵

Meanwhile, the administration sought some means to curb Lewis's arrogance. Attorney General Biddle directed J. Edgar Hoover of the Federal Bureau of Investigation to gather information on the pickets in scattered Pennsylvania coal fields. Conviction of minor labor leaders resulted. Byrnes, William Davis, and others persuaded the president to strengthen the WLB. On August 16, he directed that any employee who ignored WLB orders could lose his draft deferment. If a union failed to comply with the WLB orders, its contract could be voided and its dues held in escrow. The government could seize properties and facilities for employer noncompliance. In August Byrnes suggested guaranteeing the miners an eight hour day, six days a week. This, he hoped, would assuage the

miners by increasing their incomes and would win plaudits for Roosevelt by increasing coal production. Instead of implementing the eight hour day, Ickes began to return the mines to the operators in August, and the WLB extended the eight hour day to many of these mines. By October 31, all mines were back under private control.⁶

On August 25, 1943, the WLB, with its labor members dissenting, refused to ratify the agreement between the UMW and the Illinois operators. A month later, on September 23, Lewis and these operators submitted a new proposal to the board. Worried about the possibility of a new surge of work stoppages, Ickes hoped to circumvent the WLB by persuading Byrnes to accept the new contract. On September 23, before the contract had been submitted to the WLB, the secretary took a copy of it to Byrnes. With Ben Cohen and Ickes listening, the OWM director read aloud the lengthy contract. Impressed by Byrnes's meticulousness, Ickes, nonetheless, did not convince him to support the settlement. According to Drew Pearson, Fred Vinson, with the approbation of the OWM director, told William Davis to reject this agreement as too inflationary. On October 26, the WLB did just this and offered a pact that would have given the miners a base pay of \$8.125 for eight hours, instead of the \$8.50 in the Lewis

proposal. By now some miners had already struck; the UMW played a waiting game as more miners left the pits. Two days later Davis referred the case to Roosevelt.

The president, on October 29, summoned Byrnes, Ben Cohen, and Davis. They agreed that if the strikes had not ended by Monday, November 1, the government would have to take "decisive action." Roosevelt immediately made public this policy in a letter that was written by Byrnes and Cohen and was addressed to Davis. But on Monday more than 500,000 miners remained on strike. The OWM director, his staff, and members of the Justice Department prepared an executive order providing for the government take-over of the mines and sent it by telegraph to the president in Hyde Park. The director later talked to him on the telephone, urging him to sign the order. Roosevelt did so that day, November 1, 1943.

The order also authorized Ickes to enter into direct negotiations with Lewis. These talks produced a new contract on November 3. The contract, which the WLB sanctioned on November 5, gave the miners a base pay equal to approximately \$8.50 for an eight hour day. The increased wages resulted from the "dyspepsia formula" that reduced the lunch period from thirty to fifteen minutes. And the miners were paid for forty-five minutes of travel

time each day. Byrnes and Fred Vinson were not pleased with the contract, but at least the WLB and the administration preserved the pretense of stabilization even though Lewis won almost all of his demands.⁷

In addition to the lengthy coal controversy, the railway brotherhoods had been engaged in the mediation process for much of 1943. In late January 1943, the nonoperating railway unions--a group of fifteen craft unions comprised of maintenance men, telegraphers, clerks, and so forth--appealed to the Railway Mediation Board, as stipulated by the Railway Labor Act, because their talks with the railroad managers had reached an impasse. The "non-ops," with about 1,100,000 members, demanded a minimum wage of seventy cents per hour, a raise of thirty cents, and an increase of at least twenty cents per hour for each member. The "non-ops" complained that their hourly wage rate was twenty-two cents lower than those workers in war industries.

After the mediation board failed to resolve the dispute, Roosevelt appointed a panel to investigate the case. The "non-ops" appealed to this panel on February 20, 1943. In late May 1943, this emergency board recommended an hourly increase of eight cents; the "non-ops" reluctantly agreed to abide by this decision. But, in late June,

before this compromise was operational, Fred Vinson ordered that the wage increase could not go into effect. He ruled these union members were eligible only for a raise of four cents.⁸

The president exacerbated the situation by intimating to George Harrison of the Brotherhood of Railway Clerks that the eight cent increase would be approved. This was before Vinson announced his decision on June 30. Indeed, the president did not insist that the "non-ops" accept the Vinson proposal. Instead he held more meetings with Vinson, Byrnes, and the unions' leaders. In late July the mobilization director requested representatives from the unions and the railway owners to meet with Vinson in order to devise a compromise. On August 3, Vinson suggested that they use the substandard provisions of the Little Steel formula to reach a settlement. Four days later representatives of the unions and the owners approved a plan providing for an hourly increase of eight cents, which would be retroactive to February 1, 1943. This agreement was submitted to the president on September 16, and one month later he created a special emergency board, outside of the provisions of the Railway Labor Act, to consider the facts.⁹

In the meantime, the "non-ops" leaders escalated their attacks on the stabilization program. In early

August representatives of the fifteen unions conferred to decide when they would issue strike ballots to their rank and file in accordance with the Smith-Connally Act.

Frustrated by the government "runaround," they blamed Byrnes for the rejection of an agreement that the president had approved by implication. This included an hourly increase of eight cents and overtime pay for work exceeding forty hours instead of forty-eight hours as provided for by law.¹⁰

Threats of a strike vote did make some administration officials counsel compromise. Because of declining worker morale, Joseph B. Eastman, director of the Office of Defense Transportation, urged Byrnes to approve the eight cent raise by contriving some sort of legerdemain. Using material prepared by Vinson and his staff, the OWM director met with George Harrison of the Railway Clerks, B. M. Jewell of the AFL, and John J. Pelley of the Association of American Railroads in order to discuss a settlement based on the substandard pay rate provision of the Little Steel formula. Byrnes thought he had persuaded the "non-ops" to pursue such an alternative so that Vinson could sanction an agreement.

The OWM director then proceeded to devise a sliding scale of pay raises; the lower paid workers would receive

larger increases than the better paid union members. While the total amount of the pay raises would approximate the cost of the straight eight cent increase, more of the money would go to the lower paid workers. Byrnes thought he could convince Vinson to approve this plan because "we are in a bad situation" and he "saw no other way out." The president liked the idea and asked him to tell Harrison that it was his, Roosevelt's, invention.¹¹ The director had devised the eventual solution to the impasse.

On September 9, Byrnes met for two hours with Harrison, Jewell, and two other labor leaders. The director proposed the following wage increases: those workers earning forty-six cents or less would receive an increase of ten cents; those earning forty-seven cents to fifty-six cents, a raise of nine cents; those earning fifty-seven cents to sixty-six cents, a raise of eight cents; those earning sixty-seven cents to seventy-six cents, an increase of seven cents; those earning seventy-seven cents and above, a raise of six cents. He later amended the schedule: those earning sixty-seven cents to seventy-six cents got seven cents; those earning seventy-seven cents to eight-six cents got six cents; and those earning eighty-seven cents and above got five cents.

After Harrison rejected both of these proposals, Jewell proposed a scale that had descending increments of

one half a cent instead of one cent. So a worker earning forty-six cents or less would receive a raise of ten cents; a worker earning forty-seven cents to fifty-six cents would receive a raise of nine and one half cents; therefore, a worker earning ninety-seven cents or more would receive seven cents. This scale especially favored the better paid workers and exceeded the cost of the straight raise of eight cents for all workers. Byrnes had no intention of accepting their proposal and doubted that Vinson would approve it because it violated the Little Steel formula "without coming within any principle followed by the WLB."

The next day, Friday, September 10, 1943, the OWM director submitted the Jewell schedule to Vinson, who naturally vetoed it. Then Byrnes so informed Harrison. This labor leader suggested that Roosevelt call in the "non-ops" chiefs and state emphatically that the Byrnes proposal was the maximum settlement. These leaders, Harrison conjectured, would then accept that proposal. These maneuverings convinced Byrnes that the labor leaders preferred the straight eight cents increase in order to propitiate the better paid workers. He also argued that such a conference was essential because the leaders still thought Roosevelt would overrule Vinson.¹²

Byrnes had more conferences with the leaders of the "non-ops." Various refinements to the sliding scale were made. On October 11, after labor and management seemed ready to accept a settlement based on a substandard pay raise, Vinson requested William Leiserson, chairman of both the National Mediation Board and the National Railway Labor Panel, to appoint a new emergency board so that it could consider such an agreement. Two days later, Leiserson refused, claiming that the decision of the previous board, for eight cents an hour increase, had settled the dispute. Byrnes castigated this action as absurd. Roosevelt appointed a special emergency board that followed the substandard provision. On November 8, Vinson approved a sliding scale of ten cents for the lowest paid workers descending to four cents for the highest paid.

The executive order, creating this special emergency board, stipulated that when Vinson approved its recommendations, the new contract would become operative. On November 21, the carriers asked Vinson whether they had to implement the settlement. He so advised them on November 24 and again on December 8. Three days later the carriers informed him that Leiserson had directed them not to enforce the wage agreement.¹³

Furthermore, the "non-ops" leaders did not accept the Vinson-approved settlement. They persuaded Senator Harry Truman to introduce, on November 1, a resolution granting the straight raise of eight cents. This troubled Byrnes who knew that the railway unions could exert substantial influence in Congress. He and Vinson canvassed their friends on the Hill, hoping to delay a vote on the explosive Truman resolution. It passed the Senate in December, but the House adjourned for the holidays before considering it. By now the rank and file of the "non-ops" had voted overwhelmingly to strike on December 30, 1943.¹⁴

During this same period, the five operating unions--representing engineers, firemen, conductors, trainmen, and switchmen with a combined membership of 350,000--had also demanded a daily wage increase of three dollars. After a hearing by an emergency board, Vinson, in October, approved a plan giving the "ops" an hourly raise of four cents. The "ops" leaders refused this proposal. In late November, the rank and file voted for a strike, which was also scheduled for December 30, 1943.¹⁵

In middle December Roosevelt returned from his month-long trip abroad, during which he had attended the Cairo and Teheran conferences. The operating brotherhoods requested a meeting with him. The OWM director drafted the

president's response, inviting the "ops" leaders and representatives of the carriers to a meeting at the White House on Sunday, December 19. He then reacquainted the president with the case. Byrnes decided to bring Vinson to the meeting so that the OES director could determine whether a proposed settlement was within the stabilization program. Finally he informed Roosevelt that an hourly raise of six cents would be the equivalent of time-and-a-half for work over forty hours. Then all railway workers only received overtime payment for work over forty-eight hours per week. With the Vinson settlement, the "ops" would get an increase of ten cents per hour if the president decided to offer the overtime equivalent.¹⁶

Before the representatives of the "ops" and the carriers arrived that Sunday, Byrnes and Vinson impressed upon Roosevelt that any agreement had to be within the limits of the stabilization program. The OWM director recommended the approval of the overtime equivalent, the six cents hourly raise. If the railroads accepted this provision, he suggested that the president tell George Harrison it would also apply to the "non-ops." The marathon conference lasted five hours. The last two hours, Byrnes and Vinson listened as labor and management representatives negotiated.¹⁷

During the general discussion, Roosevelt lambasted the labor leaders for threatening to strike. What he had seen at the battlefronts convinced him that the unreasonableness of labor was deleterious to the war effort. This "terrible indictment of men who strike in time of war" surprised and pleased Byrnes, who had had enough of the labor disputes of 1943. He wondered whether the "ops" would ever forget this stinging rebuke. But no agreement was consummated.¹⁸

The president moderated another conference two days later, December 21. Again, before the disputants arrived, the OWM director delineated the crucial issues. Since the last conference Vinson had approved an equivalent payment in lieu of time-and-a-half for work above forty hours. The OWM director stated that an hourly increase of four cents remained the best method. This would assuage the labor leaders who had surmised that the operators would not guarantee their members enough work in order to receive overtime pay even if Congress amended the Railway Labor Act. Additional income could be derived from the initiation of paid vacations, which the "non-ops" already enjoyed. The stabilization program, Byrnes argued, must be inviolate, or a new wave of inflation would break loose as other labor leaders and the farm

organizations demanded compensatory increases in their incomes.¹⁹

After the White House conference of December 21, the situation had not improved. A strike seemed very likely. The leaders of the "ops"--David B. Robertson of the Brotherhood of Locomotive Fireman and Engineman, Alvanley Johnston of the Brotherhood of Locomotive Engineers, Alexander F. Whitney of the Brotherhood of Railroad Trainman, H. W. Fraser of the Order of Railway Conductors, and T. C. Cashen of the Switchmen's Union--rejected the carriers' offer of an eight cents an hour raise. This included the four cents allowable under the Little Steel formula, and four cents in lieu of both overtime pay and expenses incurred when the workers were away from home. The proposal, Vinson asserted, was within the stabilization program and was the absolute maximum that should be granted. The "ops" wanted vacation pay and expenses for travel in addition to the eight cents raise. This would mean an hourly increase of twenty-five cents; the OES director vetoed it.²⁰

Roosevelt now prepared for the strike. On December 23, he met with Secretary Stimson, General Marshall, and Admiral Leahy. If a settlement was not concluded that day, the government, he informed them, would

seize the rail systems. Exasperated by the series of labor disputes, he directed Stimson to start the process for taking over the roads and to compile evidence to support a new request for national service legislation.²¹

That afternoon Byrnes and the president met with representatives of the "ops" and the carriers at 12:25 P.M. The "ops" still demanded two weeks paid vacation and travel expenses along with the hourly raise of eight cents. Both Roosevelt and management objected to the inclusion of the vacation issue because it had been mentioned for the first time on December 18. The carriers thought that the eight cents increase included compensation for the Little Steel formula, overtime, and travel expenses. The vacation issue, they suggested, could be resolved later. The president deplored the impending strike and asked the participants to submit to his binding arbitration. He warned them that if he did not have their answers by 3 P.M., he would direct the appropriate agencies to prepare to seize the rail systems. At this meeting only Al Whitney and the carriers agreed to mandatory arbitration. Later Al Johnston acquiesced.²²

At 5:30 P.M., December 23, Roosevelt and Byrnes discussed a wage settlement with representatives of the fifteen "non-ops." After recounting the outcome of the

afternoon conference, the president asked these labor leaders to allow him to make a final agreement. They offered the "non-ops" an hourly increase of six cents to compensate for overtime. Following forty-five minutes of discussion, the leaders adjourned to the cabinet room to decide whether this proposal was acceptable. Thirty minutes later, at 6:45 P.M., these men returned, eschewed appointing the president as the arbitrator, and asked for approval of an additional six cents an hour, in lieu of overtime pay, to the sliding scale of ten cents to four cents. This extra six cents would compensate for the eight hours of work between forty and forty-eight hours per week. If an employee worked more than forty-eight hours in a week, then he also would get time-and-a-half for those hours over forty-eight. Confident that Vinson would accept such a settlement, Roosevelt believed that the operators would likewise approve it. He told them to contact Byrnes the next day who, by then, would have broached the plan to the carriers. The OWM director hoped that everything could be accomplished before the strike deadline.²³

On Christmas eve day Byrnes met with the "non-ops" and representatives of the carriers. The unions still demanded a raise of six cents as compensation for over-

time; the carriers offered only a four cents increase. The OWM director exhorted B. M. Jewell, the chief negotiator and the president of the Railway Employees' Department of the AFL, to accept Roosevelt as the final arbiter. As George Harrison told the press, the "non-ops" were hesitant to submit the dispute to binding arbitration if Byrnes wrote the award.²⁴

When he returned from Hyde Park on December 27, Roosevelt found that the disputants remained at loggerheads. So early that afternoon Byrnes discussed plans for the seizure of the roads with Stimson and General Brehon Somervell. Angry with the labor leaders, the director informed them that Roosevelt, who was also enraged by their refusal to accept his mediation, would sign later that evening the executive order providing for the takeover of the rail systems. They prepared the executive order, and the OWM staff drafted the accompanying statement. At 6:30 P.M. the president signed the order, and thirty minutes later the government seized the railroads. The press reported that this action resulted from the president supporting the Byrnes-Vinson position--to allow the "non-ops" only a four cents raise in lieu of overtime.²⁵ But this does not account for the president's own anger and disappointment with their refusal to abide by his arbitration.

Indeed, on December 27, the "non-ops" advised Roosevelt that they would accept both the sliding scale, which Vinson had approved, and the president as final arbiter of the overtime question. They also called off the strike. But the carriers interpreted their offer as an attempt to place conditions upon the mediation process. If the "non-ops" could restrict arbitration to just the issue of overtime pay, the carriers decided they wanted the president to decide both what the sliding scale and overtime compensation should be. Byrnes knew that placing restrictions on the acceptance of arbitration was tantamount to a rejection because of the strike deadline. So did the president, and he signed the executive order.²⁶

The refusal to achieve a settlement increased Byrnes's anger. He agreed with Stimson's decision to postpone the December 28 meeting between Somervell and the unions so that the unfavorable publicity would chasten the unions' members. Similarly, the usually gelid General George C. Marshall exploded and told Stimson that the labor disorders would prolong the war for six months. Impressed by this revelation, the secretary had the chief of staff tell Byrnes. The OWM director suggested that Marshall should expound his views to a group of friendly reporters. He did this, causing a furor. Labor leaders

reacted bitterly to this attack, but the press generally supported Marshall.²⁷

During January the president and the OWM director kept in close contact with the negotiations between the unions and the carriers, prodding them to an agreement. In middle January the "ops" accepted a contract providing for an hourly raise of four cents, plus another five cents in lieu of overtime and vacation pay and travel expenses. Four days later, January 18, the "non-ops" approved the following schedule, which included overtime compensation: those earning less than forty-seven cents received a raise of eleven cents; those earning between forty-seven cents and fifty-seven cents got an increase of ten cents; and those over fifty-seven cents got nine cents. The next day Roosevelt restored control of the roads to the owners. Obviously, Byrnes reacted strongly to the labor disturbances of 1943. When he wrote his memoirs more than a decade later, he still advocated some type of compulsion in order to avoid leaving the government "at the mercy of the leadership of big unions."²⁸

These labor disputes comprised only the most dramatic aspect of the larger manpower problem. By the summer of 1943 the maldistribution of workers on the West Coast, which had chronic labor problems during the war, threat-

ened the attainment of aircraft production goals. Roosevelt deserved much of the blame because of his proclivities for lax administrative responsibilities. Too many different agencies were involved--the military procurement offices, the WPB, and the War Manpower Commission (WMC)--to have one overall policy. Previous efforts to devise comprehensive manpower policies demonstrated the paucity of cooperation among the agencies.

In October 1942, for instance, the WPB issued a directive instructing the procurement agencies to consider the available labor supply in a particular area when letting contracts. For the most part the procurement officers ignored this directive and continued to place orders with corporations that had facilities in critical labor areas, such as the West Coast. Likewise, because of opposition from Congress and the industrial branches of the WPB, Donald Nelson never had his agency concentrate civilian industries in areas of adequate manpower resources.

In late 1942, the WMC put into operation local employment stabilization plans. These were designed to prevent employers from hiring workers who had been employed in an essential industry unless the worker had a certificate of availability from the local office of the

United States Employment Service (USES). These voluntary plans were mostly ignored. In June 1943, Mrs. Anna Rosenberg, a regional director of the WMC, revised this program for Buffalo. Besides requiring all male workers to be hired through the USES or an approved agency, she also created a labor priorities committee, comprised of representatives from the WMC, the WPB, and the military procurement agencies. It decided in which one of four categories each plant, according to the importance of its function, would be placed. She attempted to relate production needs with manpower. The West Coast area had similar but larger problems: new procurement contracts for the area, high turnover rates, heavy migration of workers, and no substantial labor reserves.²⁹

That summer a War Department study predicted that if nothing was done, production in six important aircraft plants on the West Coast would show an absolute decline during the last six months of 1943. It cited manpower as the most crucial factor in this production crisis. So Byrnes requested Bernard Baruch to study the manpower problems in the West Coast war industries. On July 29, 1943, Baruch and his associate, John Hancock, presented their preliminary findings to the mobilization director. They advocated the creation of priority plans to control

the employment and transfer of workers, the extension of the Buffalo plan to critical labor areas, the initiation of labor utilization studies to reduce hoarding, six-month deferments for certain skilled labor in aircraft manufacturing and parts plants if desired by the employers, and the elimination of the astonishing high rate of turnovers. The failure of the concerned agencies to coordinate contracts with labor resources especially appalled them. They proposed "labor budgets" for each critical area--San Diego, Los Angeles, San Francisco, Portland, and Seattle. While they finished their report, the Selective Service ordered a sixty-day moratorium on the induction of West Coast aircraft workers.³⁰

On August 19, Baruch and Hancock submitted their final report to Byrnes. They emphasized the lack of a labor priorities list and the production demands on the area in excess of labor resources. Their proposals reflected the position of the WMC, which had devised the prototype of the plan. Warning of the imminent breakdown in other crucial programs such as shipbuilding and ship repair, they advised the establishment of a labor budget plan: the WMC would control the employment and transfers of workers based upon the priorities set by the WPB and the local labor priorities committee. The report also

stipulated that area production priorities committees should balance production with the labor supply. The WMC wanted the authority to certify the availability of requisite labor before any new contract could go into effect.

On August 26, Byrnes held a meeting of the War Mobilization Committee (OWMC) so that the agencies could discuss the Baruch-Hancock plan. The War and Navy departments and the WPB objected because of what they considered usurpation by the WMC. On September 2, John J. McCloy, acting secretary of war, submitted a revised plan, one supported by the navy, Maritime Commission, and Charles E. Wilson of the WPB. In this plan the WMC remained simply a labor recruiting and assigning agency.

After more tempestuous sessions in the OWM offices, Byrnes, on September 4, announced that the OWMC had approved a plan for correcting the manpower problems on the West Coast, soon to be known as the Byrnes plan. In each critical labor region on the West Coast, two committees would be created, the Area Production Urgency Committee (APUC) and the Area Manpower Priorities Committee (AMPC). Each APUC would have a representative from the procurement agencies, with the WPB appointee as chairman.

This committee would recommend to the Production Executive Committee (PEC) what adjustments should be made in the procurement programs for each area. The AMPC had as chairman the WMC representative. It prepared a list of plants according to the urgency of their labor needs, set employment ceilings for individual plants, and forced all hiring to be done through authorized channels. Furthermore, the procurement agencies supposedly had to send to the appropriate APUC for review any contract requiring more workers at a plant. The Selective Service was to defer workers who were needed in high priority plants.

This program relieved the situation to some extent. It facilitated the flow of workers to industries on the high priorities list. The process of setting employment ceilings reduced inflated demands for labor. Most importantly, the procurement agencies fully recognized the need to place contracts outside of critical labor areas. But problems still remained. The WMC had no authority to compel the services to let contracts elsewhere. Likewise, the WPB did not curtail less essential civilian production in labor tight areas. The turnover rate remained high because of a too plentiful supply of certificates of availability.³¹

Byrnes had intended to keep the Baruch-Hancock report secret. Republican criticism and leaks to the press

forced him to reconsider his position. He sent a copy of the report to Republican Senator Arthur Vandenberg, who published it in the Congressional Record on September 17, 1943. But three days later Vandenberg queried him whether there was any truth to the accusation that he, Byrnes, had deleted some passages from the report. The charge naturally angered Byrnes, who evidently tore up the letter. On September 21, Byrnes informed the senator that his statements were not very complimentary, that the accusation was untrue, and that he should ask Baruch for a copy to verify the report published in the Congressional Record.³²

The Byrnes program soon became the basic WMC plan for all labor short areas. By middle December McNutt reported that the establishment of employment ceilings had resulted in reductions in the stated labor requirements and in labor hoarding. The program of controlled referrals of workers was being extended throughout the nation. By the summer of 1944, the WMC had to extend priority referral, or controlled referral, to the entire country: this meant that the USES controlled the hiring and transfers of all male workers. Other manpower directives would be issued during the production drive in late 1944.³³

The severe labor disputes and the misallocations of manpower during 1943 rekindled interest in national service legislation within the administration. Such legislation appeared to provide at least a partial solution to the state of labor problems. In June the OWM director and Secretary Stimson discussed the explosive issue of compulsion while coal miners halted production. They concluded that a "work or fight" provision seemed the best approach to the problem. Both hoped to convince the president to support the use of the draft as a method of compulsion. But at the OWMC meeting of July 7, Roosevelt and the others decided to exhaust all means of voluntary compliance before requesting national service legislation. Byrnes agreed because Congress, he surmised, would not pass a national service bill.³⁴

The administration next tried to revive the "work or fight" order of January 1943. This had supposedly given the worker the choice between keeping an essential job or being inducted. Since then McNutt had tried various expedients to reduce the number of fathers, who were deferred, working in nonessential industries. His wish to base deferments on occupational status, not parenthood, spurred Congress to pass the so-called Kilday bill, named for Democratic Representative Paul Kilday, which passed in

December. It provided that men, who had married prior to December 8, 1941 and who had a child or children under eighteen, would be deferred until all other nonfathers, except those deferred, had been drafted. This law also split the Selective Service System from the WMC.³⁵

While abroad for the Cairo and Teheran conferences, Roosevelt visited various battlefields. Such trips helped to convince him to ask Congress for national service legislation. Just as he had been enraged by the threat of a railway strike, he now believed as did Stimson and Patterson that soldiers at the front deserved the all-out support of the people at home. On Christmas day he told Stimson to prepare for a national service bill and promised to fight for it. Now that he had resolved his own ambivalence, the president did not intend to brook any criticism.

So he instructed Rosenman and Robert Sherwood to draft a statement, calling for national service legislation, which would become a passage in the upcoming state of the union message. Furthermore, he swore them to absolute secrecy, and they did not discuss it with anyone else--including Byrnes, Stimson, Hopkins, and McNutt. They humorously labeled the drafts "Project Q-38," and only Grace Tully typed these. This surreptitious arrange-

ment put Byrnes in an embarrassing position. He correctly thought that he should have been informed of this policy change. Indeed, the day before the delivery of the message, he told Stimson that he knew nothing about such a request. When the White House sent the message to Congress on January 11, 1944, the national service passage in the message shocked and angered Byrnes. He supposedly strode into the president's office and resigned in a bitter scene. The secrecy engendered hard feelings between Byrnes and Rosenman. Later that month the mobilization director, who had grown weary of what he considered Rosenman's deviousness, submitted a long list of grievances to the president. He reproved the president for not consulting him on this plan because he would have advised proposing a stringent antistrike bill, which had more chance of passing than the national service bill. Roosevelt talked Byrnes out of resigning.³⁶

The national service bill never had any real chance of passage. The Senate Military Affairs Committee bottled it up. Too many of its proponents had vitiated the moral purpose embodied in Stimson's support for the concept; many viewed it as a means to harness labor. Anyway, Roosevelt's conversion came too late into the war, and he did not push Congress very hard.³⁷

On February 26, 1944, Roosevelt notified McNutt and Hershey of a shortage of 200,000 trained men in the armed forces. The local draft boards had not inducted enough men during the last half of 1943. Therefore, the president ordered a review of all occupational deferments because 380,000 nonfathers, under twenty-six years old, had industrial deferments. It should be noted that over 550,000 nonfathers, under twenty-six years of age, then held agricultural deferments. Ever since the promulgation of Byrnes's West Coast plan, the OWM director had supervised draft deferment policy as a palliative to the manpower squeeze. In late October 1943, at the behest of the OWM director, John Hancock developed a plan to ease the disruption of production processes by the induction of highly skilled workers who were nonfathers and twenty-six years old or less. He directed each West Coast aircraft plant and their production subcontractors to divide their work force into two categories, either irreplaceable or replaceable. Those in the first category could receive a six-month deferment if the procurement officer, assigned to the plant, agreed that the worker had irreplaceable skills.

In 1944, the military demanded almost exclusively the induction of men under twenty-six as combat replacements.

Roosevelt then agreed to extend a modified version of this plan nationwide. But first he attempted to relieve the manpower problem by canceling all occupational deferments. During the cabinet meeting of March 10, all present, except for Stimson and Knox, vociferously objected. Once again the president caused a furor by acting on the advice of one agency, in this case the War Department, without consulting Byrnes and other advisers.

During the next cabinet meeting, March 17, Stimson and Knox reluctantly consented to the deferment of about 40,000 specialized workers. So in late March Byrnes approved the establishment of the Inter-Agency Committee on Occupational Deferments. Representatives from ten agencies comprised this committee with the WMC appointee as chairman. It advised Hershey as to who should be classified as irreplaceable. Besides circumventing the local draft boards, this committee set rigorous criteria which virtually ended industrial deferments for men under twenty-six. In early April the manpower crisis eased as the army discovered that it already had reached its authorized strength for July 1, 1944.³⁸ Many thought the war would end in 1944. When it did not, Byrnes would have to impose more stringent controls on workers' freedom.

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CHAPTER IX
THE OFFICE OF WAR MOBILIZATION AND THE MILITARY

The position of the military services on manpower regulations--the advocacy of the termination of all industrial deferments and the willingness to resort to compulsion--adumbrated its leaders' views on civilian involvement with procurement schedules. The Army Service Forces and the Office of Procurement and Material in the Navy Department rarely demonstrated concern for anything other than military procurement. If for no other reason than to employ the available manpower most effectively, Roosevelt had to create a top-level office to coordinate and reconcile disputes among the procurement agencies, both civilian and military. So the OWM inherited the unfulfilled and atrophied authority that the WPB had had at one time: to synchronize manpower, materials, strategy, and production.

Byrnes acted quickly to assert his authority to supervise procurement requirements. On June 24, 1943, he wrote to the heads of each procurement agency, directing them to set up independent review boards. He appointed a representative to sit on each of these panels. The

boards would examine procurement demands in the broader context of strategy, transportation availability, inventory requirements, and current rates of usage, attrition, and repairs. That same day he asked Stimson and Patterson to a meeting; Baruch, Fred Searls, and Donald Russell also attended. Because of the enormity of the War Department's production programs the OWM director hoped to win Stimson's cooperation for the establishment of an independent review board. The secretary, who trusted Byrnes and valued his political sagacity, agreed that such a review would be beneficial since it could end duplications among the procurement agencies. Even Patterson approved of the review. The Maritime Commission and the Lend-Lease Administration complied. Only the Navy Department tried to resist, but it acceded as soon as Roosevelt supported the OWM.¹

At a press conference on July 21, Byrnes discussed the creation of the review boards. He emphasized that such review could free more materials for civilian production by eliminating duplications and wasteful production. The overall efficiency of production would likewise improve. For example, the director cited the notorious precedent of the post-World War I review when the government discovered it had more harnesses in warehouses than

there were horses. He also announced the names of his representatives on the boards: Frederick Pope on the Army Procurement Review Board; William Francis Gibbs on the Navy Procurement Review Board; and Fred Searls on the Maritime Commission Board. John M. Hancock would supervise the progress reports for all review programs. Coterminous with the military review, Byrnes directed A. D. Whiteside of the Office of Civilian Requirements to ascertain the bedrock level for the civilian economy. The creation of these boards came at a time when the production of munitions had fallen 11 percent short of the goals for the first six months of the year.²

While the review boards scrutinized production programs, the OWM director intervened in a controversy between the WPB and the navy on the one hand and the Maritime Commission on the other. He ruled that in 1944 the government would still emphasize the construction of Liberty ships, which had been designed by William Francis Gibbs. Byrnes did allow the Maritime Commission to build about 500 Victory ships or "C" type cargo ships. These ships, which the commission had developed, were faster and more spacious; so they would be more valuable in the post-war trade. But their construction required more materials and manpower.³

In late August 1943, Byrnes started receiving reports from his representatives on the review boards. Frederick Pope informed him that the members of the army board had cooperated fully. War Department procurement, he found, had been handled "incredibly well." But Pope did discern prevalent mistakes attributable to inexperience, human errors, and changing strategic needs. Because the present production programs were indeed inflated, there should be, he argued, more accurate studies of requirements. Such audits should effect reductions in the tables of equipment and the "strategic reserve" of 20 percent in order to accommodate battlefield experiences. Similarly, he urged the adoption of more responsive and stricter inventory controls. Pope complained of bureaucratic inertia: once a decision had been made, no one challenged its implementation even if conditions had radically changed. Specifically, he wondered what was the need for the ongoing construction of heavy coastal batteries throughout the Western Hemisphere. He also argued that the experiences in the various military theaters should be reflected in changes in materiel requirements. The procurement program for the air corps was unbalanced; no agency synchronized the production of planes, fuel, ammunition and bombs with each other and

with the availability of crews. The army review board had made a thoughtful investigation.⁴

The Navy Department provided much less cooperation. In fact, William Francis Gibbs complained that board members had not revealed even the numbers and types of vessels slated for construction. Indeed, Byrnes had to intervene with Frank Knox in order to ease the restrictions. On Wednesday, August 25, Gibbs discussed with the OWM director the duplication in military's construction orders for tugboats and barges. The OWM made one inclusive summary of these programs which led to a reduction in the schedules for the services.

The report of the Navy Procurement Review Board disappointed Gibbs. Admiral Rawleigh Warner, chairman of the board, had confided to him that many of the escort vessels, patrol crafts, and minesweepers scheduled for completion were extraneous. It was conceded within naval circles that the large numbers of escort vessels, either planned or already built, obviated the need for more patrol crafts and minesweepers. Gibbs urged Byrnes to press for adequate justification for all vessels to be completed after 1944.

Furthermore, the OWM representative found other problems with naval procurement schedules. The department

had on order too many planes and trainers for the number of carriers and land bases. More importantly, the secretary had not indicated that he would do anything to curtail these and other wasteful practices. As with the army review, the naval board uncovered lax or nonexistent inventory control; the enforcement of strict regulations would reduce the large stockpiles of goods. Gibbs also divined a general consensus that substantial reductions could be made in the allowances and inventories for ammunition and other goods.⁵

This report displeased Byrnes. He immediately contacted the president and Admiral Leahy, arguing that no review could be undertaken until the department discussed all substantive issues, especially strategy, with his appointee. Leahy broached the matter with Admiral Ernest J. King, reputedly the real power in the Navy Department, and the OWM director thought that he could win acceptance for the review board by this indirect manner.⁶

The mobilization director made a report to the president, analyzing the conclusions of the navy board. Its most significant recommendation, he argued, acknowledged the desirability of a continuing review of the ship procurement programs and manpower allocation. Byrnes re-

peated much of the criticism leveled by Gibbs: duplication in the programs for production of escort vessels, patrol crafts, and minesweepers; lack of coordination in the air program; and need for more integration among the navy bureaus. If current construction projects were completed, the size of the fleet by the end of 1946 would be 3.6 times larger than the current tonnage. Such a program required vast amounts of materials and a vast work force. Indeed, for the year ending on July 1, 1944, the navy envisioned a 22 percent increase in the number of workers in shipyards; most of the new laborers would be recruited from the West Coast, a region already plagued by critical manpower shortages. A review of the shipbuilding programs could save invaluable materials and manpower by preventing the construction of vessels not needed for the war effort.⁷

The next day Byrnes interpreted for Roosevelt the findings of the army board, the so-called McCoy Board named for the chairman, Major General Frank R. McCoy. The board discerned that no allied military operation had been hampered by any shortages of equipment or supplies, except for the paucity of signal equipment. In spite of this enviable record, both Byrnes and the panel members thought that procurement officers had made mistakes that should be remedied.

While the War Department adopted firm strategic plans for only six months in the future, the officers projected procurement schedules eighteen months in the future. This partly explained why many program requirements had been set too high. For example, even though the army would have only 7.5 million men in January 1945, procurement for 1944 was planned for an army of 9 million men. This "strategic reserve" exceeded what also accumulated for operational purposes in depots here and abroad. Productive capacity, Byrnes argued, should take the place of actual reserve equipment for the forty-eight divisions which did not exist.

Much waste and needless surpluses, Byrnes asserted, could be exorcised by instituting stringent inventory controls and by relating field experience to future production goals. The Army Service Forces (ASF) had just started to use a uniform inventory for all their materiel. Likewise, the director stressed the need for conservation of scarce supplies, especially rubber and high octane gasoline, and for the curtailment of useless construction, particularly abroad. He also emphasized the imbalance in the air program; there were then more tons of bombs in storage in the United Kingdom than the Royal Air Force had dropped over Europe since September 1939.

In conclusion, the OWM director lauded the War Department Procurement Review Board for its "judicial and highly critical review of Army procurement."⁸

Byrnes had forced the procurement agencies to review their internal organizations and, to a certain extent, reasserted civilian control over military production requirements. He even persuaded Roosevelt to request a review of the shipbuilding programs for all the services. These individual boards still did not encompass the totality of the production effort; and this dissatisfied the OWM director. Even before making his reports on the army and navy reviews, he had begun to plan his next program to enhance the coordination of procurement with strategy.

The director had Roosevelt query Admiral Leahy about a critical review of all procurement programs by the Joint Chiefs of Staff (JCS). Leahy expressed little interest in such a project. Unhappy with the limited scope of the existing boards, Fred Searls pressed Byrnes for the establishment of an overall board to determine whether the recommendations of the other panels had been carried out. Furthermore, such a board would transcend the parochialism of the separate agencies and would be better able to reconcile military and civilian programs.

Once the president had reviewed the reports of the boards and the concomitant letters from Byrnes, he decided to implement the director's suggestion.

On September 24, 1943, Byrnes announced at a press conference the formation by the JCS, at the request of the president, of the Joint Production Survey Committee (JPSC). The JPSC would link the OWM with the JCS in order to reduce wasteful use of manpower and materials. In this way, the OWM could compel the JCS to recognize how the procurement programs were affected by strategy, war experience, and other production demands. The situation had changed since he announced the formation of the review boards; he now stated that he did not expect any reductions in the military programs to result in improvements for the civilian economy. All such materials and manpower would be needed by other military production programs. Similarly, four days later at a War Department colloquium at Fort Belvoir for industry, media, and labor leaders, Byrnes warned that the rumors of imminent reconversion would delay winning the war.⁹

Byrnes appointed Fred Searls as the OWM representative, but he was not a member of the JPSC. While the arrangement was less than ideal from the OWM point of view, Searls attended its meeting and actively partici-

pated in all discussions, including those concerning strategic considerations. With the full confidence of the OWM director, Searls aggressively fought to end redundant production, to eliminate wasteful programs, and to devise a synthesis incorporating military and civilian requisites. The JCS could ignore the recommendations of the committee, but at least Byrnes would be apprised of the details of each issue. If he considered it important enough, he could still discuss any disagreement with Roosevelt or Leahy, the chief of staff to the president. Leahy had offices in the east wing of the White House; so the director could easily meet with him. Similarly, Byrnes attended many sessions of the JCS and enunciated his views directly to the military leaders.¹⁰

On Saturday morning, October 2, 1943, with two members of his staff--Donald Russell and Fred Searls--Byrnes met with Leahy and the members of the JPSC. Rear Admiral R. M. Brainard, Major General R. C. Moore, Rear Admiral T. B. Richey, and Lieutenant Commander P. R. Taylor comprised the JPSC. Byrnes opened the meeting by expounding the rationale for the new committee. As materials and manpower became scarcer, the services had to cut all extraneous production from their programs. The army and navy boards represented the first attempt to rationalize

the procurement programs. As the war encroached more and more on the lives of the civilians--such as heavy taxation and the reduction in the number of draft deferments--the public, Byrnes reasoned, would demand thorough reviews of procurement programs. He informed the members that the genesis of the JPSC resulted from a discussion with General Marshall and Leahy.

Concurring with the director's arguments, Leahy stated that one of its prime functions would be to ascertain which procurement programs could be reduced. But the other officers temporized on the question of curtailing superfluous programs. Moore claimed that if the procurement agency halted a program, it would lose the organization, facilities, and labor. Leahy agreed, but Byrnes asserted that for the committee to maintain the confidence of the people and Congress, it must shear the procurement agencies of obsolete methods and thinking. Finally, the director ordered the committee to review the shipbuilding programs for all the services.¹¹

The review of the shipbuilding programs demonstrated again the recalcitrance of the navy brass to allow such investigations. On November 2, 1943, Frank Knox forwarded the findings of the perfunctory review; the department reaffirmed that all construction had so far been benefi-

cial. Strategic considerations, such as the token appearance of the British navy in the Far East, and the projected length of the war precluded any curtailment in the construction program. Indeed, Knox contended that since the war cost so much, the savings would be more substantial if it was ended as quickly as possible than by stripping the navy of vital ships.¹²

Donald Russell lambasted this weak attempt at review. He pointed out that most of the reductions had been authorized before Byrnes had requested the survey. For example, the navy had already cancelled the five battleships on July 2, 1943. Russell wondered whether the department had actually reviewed their programs. Fred Searls also reported that the naval officers advocated considerable additions, not deletions, to their shipbuilding program.¹³

While the OWM made little progress against naval obfuscation, Byrnes directed the JPSC to determine whether the deficiencies in the army and navy programs, which the previous boards had noted, had been remedied. In addition to the ongoing production of heavy artillery for coastal defenses, the director asked the JPSC to authorize an inspection of the North African theater by Frederick Pope to investigate reports of enormous waste of

military supplies, especially construction materials and completed facilities. Later, in November he prodded the committee to supervise the aircraft production programs of the navy and the army.¹⁴

In late November Fred Searls analyzed the actions of the JPSC during its first seven weeks. So far the decisions of the committee displeased him because the JPSC still sanctioned a large proportion of the examined programs. He reported that the Canal project, for the development of an oil industry in Alaska, had been approved, that the navy had authorized considerable additions to the shipbuilding program, and that the JPSC would approve the air programs after only a cursory examination. The investigations did result in the cancellation of the Burma-Yunnan Fu pipeline and in a downward revision in the "strategic reserve" of the Army Service Forces program.

Such results, Searls contended, demonstrated that the JPSC had yet to function as Byrnes and he had hoped. The members had evidenced no desire to investigate thoroughly these matters and had not used a civilian staff to circumvent military bureaucrats who naturally were reluctant to make cuts in the programs. Furthermore, by allowing this ersatz review board to continue, the OWM, Searls

claimed, failed to discharge its duty to eliminate waste and to coordinate production, resources, and strategy. "Lack of judgment" and "contempt for expenditure" by the procurement officers had already wasted millions of dollars. Searls hoped to prevent further excesses.¹⁵

The military objected to most of Byrnes's suggestions. Leahy even opposed any cuts in the program providing for the construction of heavy guns used in coastal defenses. By middle January 1944, the OWM staff had had enough of what they considered were military obfuscation and delays. Both Pope and Searls thought that the director should request more information on the shipbuilding survey. On March 8, 1944, the OWM director asked the JPSC to investigate the aircraft programs of the army and the navy. He expressed concern that the attrition rate for navy planes was too high and requested continuing studies to insure that the army program reconciled plane production schedules with strategy. He received reports throughout the year that because of the JPSC review the production schedules had been reduced by tens of thousands of airplanes.¹⁶

On March 8, 1944, the OWM director formally complained to the president. He lambasted the JPSC and the navy for their unwillingness to cooperate with him. For

all his and the OWM staff's efforts he had yet to receive any detailed information on the shipbuilding review. The only cancellations effected so far had been made before the start of the review program. They navy had announced an increase of 500,000 (displacement) tons in their program since the establishment of the JPSC. Byrnes reminded Roosevelt of the manpower and the millions of dollars required to deliver the last 40 of the 100 escort vessels, most of which were then frozen in on the Great Lakes. Without strong presidential support, he stated that it would be pointless to make further demands for a naval review.¹⁷

Some of his reprimands had salutary effects. On February 3, Stimson informed him of reductions in the coastal defense and other construction programs for the Western Hemisphere. The largest single cutback resulted from a change in the method of calculating the production requirements for bombs. This would mean, Stimson claimed, a savings of hundreds of millions of dollars. The secretary of war supported Byrnes when he pressed Knox to reduce the size of the naval air program. In the middle of March Knox reluctantly agreed to employ land-based naval planes only in antisubmarine warfare. This agreement did reduce the size of the naval air program, but the main

issue of duplication between the army and navy programs remained unresolved until after the war.¹⁸

For six months Byrnes repeatedly queried the JPSC about the results of an investigation of the widespread waste of military equipment in North Africa. The pernicious effects of such carelessness, he warned, had to be stopped before its pattern spread to other theaters. In November 1943, in lieu of an inspection by Fred Pope, the director wanted a full report by the theater commander. Finally, in April 1944, the JPSC assured him that the theater command had corrected all wasteful practices. The committee inaugurated more stringent controls: all theater commanders had to file inventory reports; each theater had to make better use of repair and salvage facilities; and the army would expedite the redistribution of excess supplies from one theater to another.¹⁹

For the remainder of 1944, the military had to endure more pressure to cut the procurement demands. The ship-building programs came under continual attack from the executive and legislative branches. Roosevelt asked Harold Smith to review the Maritime Commission program. Strategic considerations, Leahy unabashedly asserted, required more ship construction, not less, and this also applied to the smaller noncombat vessels.²⁰

But Byrnes had information refuting such exaggerated claims. He knew that the scarcity of shipping capacity resulted from inefficient utilization of the available vessels. The Maritime Commission allowed each captain sixty days to unload cargo on the trip from the United States to Europe. Loading vessels, bound for India, in the Atlantic Coast ports would remove twenty days sailing time from each round trip. By employing such timesaving methods, the government would have a surplus of 120 ships in the first quarter of 1945 instead of a deficit of 94 as projected by the War Shipping Administration (WSA).

Furthermore, Franz Schneider, a staff member of the OWM, charged that the services acted in collusion in order to protect themselves from reductions in production schedules. He blasted the Maritime Commission and the army for expanding the number of C-4 cargo vessels from about ten ships to eighty. This gigantic enlargement of the onetime experimental program resulted from Somervell's misconception of its potential as first a tank carrier and then a troopship. This made even less sense when Schneider learned that the JCS had released five of the specially designed P-2 troopships, with twice the capacity of the C-4s, so that the Maritime Commission could complete them as passenger liners for postwar use. Such

transactions convinced him that the services, the Maritime Commission, and the WSA accommodated and supported each other's claims in order to protect themselves. These agencies, Schneider contended, were too complacent about the waste of manpower, materials, and taxpayers' money. Indeed, the Maritime Commission was more concerned with providing work for its contractors during and after the war and with its own position as coordinator of the post-war shipping industry.²¹

Similarly, Budget Director Harold Smith complained to Roosevelt that the military calculated their procurement programs "as if the war in Europe was expected to go on for years." Instead of adopting a "tapering off process" as Smith advocated, the military launched a counterattack. During the summer the War Department increased the production schedules for many items that were already behind schedule. Major General Lucius Clay sent Byrnes excerpts of recent telegrams from the theater commanders who complained about shortages. These deficiencies, Clay implied, meant that the military would tolerate no reductions in their procurement programs. In early August the OWM director requested Somervell, Nelson, and Charles E. Wilson to review war programs that were behind schedule. Someone at this meeting leaked to the

press that the premature shifting of workers back into nonessential employment had caused the shortages. In order to reassure the proponents of reconversion, an OWM spokesman asserted that the manpower squeeze entailed less than 250,000 workers, with a deficiency of 60,000 in critical jobs.²²

The military made some reductions as if to assuage civilian critics. On September 2, 1944, Somervell informed the director that the army had reduced the strategic reserve by one half. Even Leahy, during a meeting of the JCS, warned that the public would not tolerate a total exoneration of the military procurement programs. He expressed concern because the JPSC had yet to recommend any substantial reductions.²³

Members of the OWM staff, particularly Searls and Schneider, hoped to eliminate manpower and materials waste by the military services and to save public money. Byrnes shared these goals, but he had only limited authority. He could initiate reviews and supervise their programs. Usually when the military affirmed the necessity of a program, he would not push for any reductions. And Byrnes had no qualms about trusting the military.

General Marshall, for example, assured him that strategic considerations required a large increase in the

artillery ammunition program. Byrnes responded that "There is no disposition on the part of this office to make inquiry beyond that point." Because the use of the ammunition was "a technical military decision," he raised the question "to make sure that the stated requirements were realistic and that they are in line with actual contemplated use. . . under the plans of the Joint Chiefs of Staff." Similarly, Leahy confided to his diary that Byrnes was "completely devoted to meeting essential military requirements first." So the director did not establish a total and complete hegemony over the military services, but did make the services cognizant of the civilian sector.²⁴

NOTES TO CHAPTER IX

¹Somers, OWMR, pp. 62-64, 117-22; Samuel P. Huntington, The Soldier And The State (New York, 1957), pp. 337-44; Stimson Diary, June 24, 1943, Stimson Papers; Byrnes to Henry Stimson, June 24, 1943, "Office of War Mobilization," Box 155, Robert P. Patterson Papers, Manuscript Division, Library of Congress.

²Washington Post, July 22, 1943; New York Times, July 22, 1943; "Civilian Supply," Time, August 2, 1943, p. 79; Helen Fuller, "Why War Production Lags," New Republic, August 16, 1943, pp. 219-20.

³Donald M. Nelson to Byrnes, July 6, 1943, 40 (2), Byrnes Papers; Washington Post, August 7, 1943; "Shipping," Time, August 23, 1943, p. 22.

⁴Frederick Pope to Byrnes, August 31, 1943, 82, Byrnes Papers.

⁵William Francis Gibbs to Byrnes, August 29, 1943, 82, Byrnes Papers; Somers, OWMR, pp. 119-20.

⁶Byrnes to Roosevelt, September 1, 1943, "Dept. of Navy, June-Sept. 1943," Box 12, OF 18, FDRL.

⁷Byrnes to Roosevelt, September 15, 1943, 77 (2), Byrnes Papers.

⁸Byrnes to Roosevelt, September 16, 1943, 83 (1), Byrnes Papers.

⁹Fred Searls to Byrnes, August 15, 1943, "Organization--2," Box 3, RG 250; New York Times, September 25, 1943; Washington Post, September 29, 1943.

¹⁰Somers, OWMR, pp. 122-23; Donald Russell and Fred Searls to Byrnes, October 12, 1943, 82, Byrnes Papers.

NOTES TO CHAPTER IX (continued)

¹¹Minutes of the Joint Production Survey Committee Meeting, October 2, 1943, Roosevelt to Byrnes, September 28, 1943, 82, Byrnes Papers; Leahy Diary, September 18, 1943, Leahy Papers; "Management Incentives," Newsweek, October 4, 1943, pp. 74, 77.

¹²Frank Knox to Admiral Roland M. Brainard, November 2, 1943, 42 (2), Byrnes Papers.

¹³Donald Russell to Byrnes, November 6, 1943, 42 (2), Fred Searls to Byrnes, November 21, 1943, 42 (1), Byrnes Papers.

¹⁴Byrnes to Joint Production Survey Committee, October 22, 1943, 83 (1), Byrnes to JPSC, October 23, November 20, 1943, 83 (2), Byrnes Papers; Somers, OWMR, pp. 124-25.

¹⁵Fred Searls to Byrnes, November 21, 1943, 42 (1), Byrnes Papers; Somers, OWMR, p. 62.

¹⁶William D. Leahy to Byrnes, December 5, 1943, Fred Searls to Donald Russell, January 15, 1944, 42 (2), Frederick Pope to Russell, January 19, 1944, 83 (2), Byrnes to Joint Production Survey Committee, March 8, 1944, 1297, Byrnes Papers; F. J. Horne to Byrnes, September 16, 1944, William D. Leahy to Byrnes, September 8, 1944, "Programs--3," Box 143C, RG 250.

¹⁷Byrnes to Roosevelt, March 8, 1944, 70 (2), Byrnes Papers.

¹⁸Henry L. Stimson to Byrnes, February 3, 1944, "Programs--6," Box 132, RG 250; Stimson Diary, March 15, 16, 1944, Stimson Papers.

¹⁹Byrnes to Joint Production Survey Committee, October 23, November 3, 1943, January 10, 1944, George C. Marshall to Byrnes, April 12, 1944, 82, Byrnes Papers.

NOTES TO CHAPTER IX (continued)

²⁰Smith Diary, May 9, 1944, Smith Papers; William Leahy to Byrnes, May 23, 1944, 83 (2), Byrnes Papers.

²¹Franz Schneider to Captain Granville Conway, July 27, 1944, Franz Schneider to Byrnes, August 28, 1944, "Program--2," Box 132, RG 250.

²²Harold Smith to Roosevelt, August 31, 1944, "Postwar and War Adjustment," Box 127, Isador Lubin to Byrnes, August 16, 1944, "Manpower 2," Box 143B, Lucius Clay to Byrnes, August 23, 1944, "US Government, War Department," Box 141, RG 250; Washington Post, August 2, 1944.

²³Brehon Somervell to Byrnes, September 2, 1944, "Reconversion," Box 214, Hopkins Papers; Excerpts from 141st meeting of the Joint Chiefs of Staff, not dated, 83 (1), Byrnes Papers.

²⁴Byrnes to General George C. Marshall, June 10, 1944, 83 (2), Byrnes Papers, Leahy Diary, August 21, 1944, Leahy Papers; Somers, OWMR, p. 137.

CHAPTER X
ROOSEVELT'S PEACE-KEEPER

Executive Order 9347 empowered the OWM director "to resolve and determine controversies" among the departments and agencies. Byrnes had to mediate different types of conflicts: those among agencies caused by the scarcity of manpower or materials; those between administrators resulting from personality, philosophical, and program clashes; and those arising from challenges to the authority of the OWM. He also tried to improve the relations between the legislative and executive branches of government. Of the first type he had to settle the recurring problem of shortages in the high octane gasoline program.

By the summer of 1943, a lack of skilled workers slowed the completion of the scheduled facilities. On September 20, Ickes, the head of the Petroleum Administration for the War (PAW), asked Byrnes to give the high octane gasoline program a higher priority rating. Part of the shortage resulted from a jurisdictional dispute between the WMC and the WPB. The latter agency had supplied the contractors with certain skilled workers, but

the WMC now claimed that all labor had to be supplied in accordance with its rules and regulations.

In a situation such as this, each official complained about split authority and blamed others for the confusion. McNutt charged that the procurement agencies had not given the program a high enough rating and had not required their contractors to hire through the WMC. Ickes thought the OWM director deserved much of the blame for giving the synthetic rubber program too many critical component parts. Byrnes convinced Ickes and McNutt to work together: the PAW would notify the WMC whenever a contractor needed additional workers.¹

The PAW was partly responsible for the delay in the program by failing to provide completed designs and to order components for the facilities on time. Furthermore, the high octane plants competed against each other for scarce parts even though a priority list had been compiled. At the OWMC meeting of November 23, Byrnes established a review committee composed of representatives from the navy, the army, the WPB, the WMC, and the PAW; the PAW appointee also served as chairman. This committee would meet twice a week in order to hasten the construction of those plants that could be completed by May 1, 1944.²

This committee shut down construction on some competing projects, like the Matheison alkali ammonia plant, and diverted workers from less urgent programs. The scope of the committee was enlarged in December so that it also expedited the actual production process, speeding the delivery of feed stocks, catalysts, acids, and so forth. On December 31, Ickes told the OWM director that he and his staff were pleased by the accomplishments of the committee. It continued to function through 1944. The committee performed its duties so well that Bradley Dewey, the rubber director, complained to Byrnes that synthetic rubber plants, a competing program, needed more workers.³

So Byrnes effected an acceptable compromise by compelling the concerned officials to work together. With conflicts such as this, he determined the priority of the project and then stated what had to be done so that it would be completed. If the agencies cooperated, he only had to monitor the arrangements. When the officials would not compromise, then he had to take more drastic action.

The director confronted the most exacting test of his mediative skills when the smoldering feud between Jesse Jones and Henry Wallace erupted in late June 1943. As director of the Board of Economic Warfare (BEW), the

vice-president supervised all foreign purchasing for the government. His activities overlapped the responsibilities of Jones who was the secretary of commerce and head of the Reconstruction Finance Corporation (RFC). This latter organization controlled the funds with which Wallace made his foreign purchases. While the vice-president advocated the quickest purchasing of the required goods and materials without being overly concerned with the price, Jones still maintained his conservative business point of view and refused to be "wasteful" when he approved transactions.

In early June, testifying before the Special Committee on Government Economy, the so-called Byrd committee, Jones charged that the BEW only duplicated activities of the RFC. Open warfare broke out; Milo Perkins defended the BEW, and William Clayton of the RFC and Commerce Department leveled countercharges at the vice-president's agency. Each side planted stories with friendly newsmen. In a statement sent to the Senate Committee on Appropriations, Wallace castigated the RFC as a dismal failure for not building up government stockpiles of exotic materials.

The press had a field day covering these bitter exchanges. The notoriety compelled Roosevelt to act; he

instructed Byrnes to effect a reconciliation. The director requested Wallace and Jones to meet in his office at 4 P.M. on June 30, 1943. At the appointed hour, a large number of reporters clustered at the street entrance to the east wing of the White House. This boded ill; one of the adversaries had already publicized the meeting.

Arriving a few minutes before Jones, Wallace was not in a conciliatory mood. He complained to the director about the letter that he, Byrnes, had sent him. The vice-president wondered whether the director actually had the authority to mediate disputes in the realm of foreign policy. Jones came in fifteen minutes later and sat down without shaking hands with either of them. The vice-president, he charged, had called him a liar. Unchastened, Wallace asked the secretary if he was going to punch him as had been reported.

Afraid that Jones might try to strike Wallace, Byrnes tried to discuss how future relations could be improved. The secretary surmised from the conversation that the meeting had been called so that the vice-president would apologize; Jones was not willing to accept an apology. But Wallace had no intention of offering one. He did state that he had not called Jones a traitor. Finally, Byrnes and the vice-president drafted a statement

for release. In it Wallace announced his decision to seek congressional funding for the BEW; so the agency would be independent of the RFC. He also contended that the parsimonious RFC had retarded the war effort. Jones labeled this a "dastardly" and "untrue" attack and demanded a congressional investigation. On July 5, he issued a thirty-page rebuttal to Wallace's charges.⁴

After his meeting with the two principals, Byrnes warned the president that they "lived in peace but a short time." The mobilization director suggested a reshuffling of the agencies concerned with foreign economic activities. Similar to the Budget Bureau recommendation, he thought that the BEW, Lend-Lease, the Office of Foreign Relief and Rehabilitation Operations (OFRRO), and the Office of the Coordinator of Inter-American Affairs should be amalgamated into one agency under the general direction of the secretary of state.

In order to gain enough time to effect such a reorganization, Byrnes urged Jones and Wallace to refrain from issuing any public statements, except to a congressional committee. These charges, he reasoned, only hurt the war effort. A congressional investigation seemed likely. The president and the director knew that this would give the conservatives another platform from which

to attack the administration. So Roosevelt had him intervene with friendly congressmen, particularly Sam Rayburn. Byrnes helped to marshal enough votes to defeat the Wigglesworth resolution, sponsored by Republican Richard B. Wigglesworth of Massachusetts. The congressman requested an investigation by the House Rules Committee, which was laden with conservatives like Martin Dies of Texas, Edward Cox of Georgia, and Howard Smith of Virginia.⁵

Meanwhile, the concerned bureaucrats had slightly modified the plan that Byrnes had submitted to Roosevelt. Nelson Rockefeller, the Coordinator of Inter-American Affairs, enunciated strong objections to a reorganization of the State Department agencies. By July 12, Ben Cohen and Oscar Cox had drafted a plan providing for the creation of an office of economic warfare within the OWM. It would consolidate the BEW, Lend-Lease, and the corporations in the RFC that were engaged in foreign activities. At first Byrnes hesitated to discuss it with Roosevelt; such a plan would subject him to charges of grabbing for more power. Nonetheless, he overcame these qualms and exhorted Roosevelt to remedy the intolerable Wallace-Jones feud in this manner.

Thursday morning, July 15, the director met with the president. Hopkins, Rosenman, and Harold Smith and

Wayne Coy of the Budget Bureau also attended this conference. Byrnes and Rosenman urged him to adopt the plan; Smith objected to it, arguing that it was not an all-inclusive reorganization. Roosevelt reluctantly agreed to do so because Hull had refused to act as supervisor for all the agencies with foreign economic activities. On July 15, he issued Executive Order 9361 which abolished the BEW and transferred its functions to the Office of Economic Warfare (OEI). It also received the United States Commercial Company, the Rubber Development Corporation, the Petroleum Reserve Corporation, and the Export-Import Bank, all of which had been in the RFC. Roosevelt also made the OEI responsible for unification and consolidation of foreign economic activities in conformity with the policies of the secretary of state. Furthermore, Byrnes drafted identical letters that the president sent to Jones and Wallace, relieving them of all such responsibilities. The director then wrote a letter that Roosevelt sent to all department and agency heads. Henceforth, if any official publicized details of a conflict with another agency, Roosevelt demanded that the official also submit his resignation at the same time.⁶

The president severely rebuked both Wallace and Jones. According to some of the news accounts, Roosevelt

had transformed Wallace into a "Throttlebottom type" vice-president. In their place, he named Leo T. Crowley; he had been alien property custodian. The media praised the OEW order for making the OWM responsible for the foreign economic activities but advised Byrnes to be more vigilant in order to prevent disputes from attaining the infamy of the BEW-RFC brouhaha. The liberals interpreted this reorganization as a victory for the "right-wing quadrumvirate" of Byrnes, Hull, Jones, and Crowley. They exaggerated. The order created the OEW independent of the RFC, and Crowley remained free of Jones and pursued the general policies of the BEW.⁷

Harold Smith was right; the OEW order was an expedient, a temporary palliative so that a final consolidation could be effected. In middle August the Budget Bureau reported that the State Department had yet to assume any supervisory functions; no agency had overall responsibility for foreign economic affairs. For example, the Lend-Lease Administration and the OFFRO fought for control of the distribution of civilian supplies in liberated areas. In September Ben Cohen and Oscar Cox drafted an executive order to unify all agencies engaged in the foreign economic field.⁸

At the same time the animosity between Hull and Sumner Welles, undersecretary of state, had reached crisis

proportions. On September 3, the OWM director informed Roosevelt that the secretary of state almost daily complained to him about Welles. Their offices adjoined, but they rarely spoke to each other. Byrnes urged the president to send the undersecretary on a mission abroad during which he, Welles, could resign his position. The director talked to both Hull and Welles; he could not effect a reconciliation.

Finally, the president discussed the situation with Byrnes. Always hesitant to discipline or fire any subordinate, Roosevelt had regretfully decided that Welles, a lifelong friend, had to go because of the pervasive rumors about his personal behavior and affectional preference. Byrnes had heard these rumors and was shocked when the president told him that they were very likely true. The vacancy that the Welles resignation would create, the director reasoned, meant that a comprehensive reorganization of the foreign economic agencies could be made. Edward Stettinius, head of lend-lease, could be named to replace Welles; the president could also appoint Herbert Lehman of the OFRRO his special assistant for the creation of the United National Relief and Rehabilitation Administration; and then the president could consolidate the OEW, lend-lease, the OFRRO, and the Office of Foreign

Economic Coordination of the State Department. The new, independent agency--the foreign economic administration--would have to conform its policies to those of the State Department. Roosevelt liked the scheme. On September 25, 1943, he promulgated Executive Order 9380 establishing the Foreign Economic Administration (FEA). As Byrnes had recommended, he named Leo Crowley as its director because he worked well with Hull and had performed capably as head of the OEW.⁹

The most persistent challenge to Byrnes's authority emanated from Secretary Morgenthau. While director of the OES, Byrnes had consulted with congressional leaders on the pay-as-you-go tax bill, which Roosevelt signed in June 1943. As OWM director, Byrnes had explicit responsibility "for the maintenance and stabilization of the civilian economy." He correctly interpreted this to mean that he had a coordinating role to perform. He immediately had to supervise the formation of tax policy because Congress had yet to pass a bill that would produce as much revenue as Roosevelt had requested. With the conservative and hostile tenor of the legislators, Byrnes, Harold Smith, and others urged the president to endorse compulsory savings in order to hold down inflation. The director still thought this was the only practical method

acceptable to Congress. By June 1, 1943, Randolph Paul and others on the Treasury staff had become convinced of the advantages of compulsory savings. But Morgenthau continued to oppose the proposal.¹⁰

The secretary felt his position threatened and complained to the president. Roosevelt directed him to cooperate with the OWM director and reassured him that once a program had been approved, he, Morgenthau, would present it to Congress. On June 9, Byrnes announced to a press conference that he would supervise the formulation of tax policy and that he had asked Harold Smith, Fred Vinson, Ben Cohen, Wayne Coy, and Morgenthau to a meeting the next day. Morgenthau did not attend; in his place he sent Randolph Paul. This group drafted a statement, requesting more revenue, that the president sent to Congress. At the same time, Roosevelt signed the pay-as-you-go tax bill. The press accurately conjectured that Morgenthau would no longer have a free rein in devising tax policy. The New York Times, the New York World-Telegram, the New Republic, Time and Ernest Lindley approved of Byrnes's new supervisory role because Morgenthau had failed abysmally.¹¹

These media commentaries and Byrnes's activities aggravated the secretary's insecurity. Since Byrnes,

Vinson, Harold Smith, and Francis Biddle were all against him, Morgenthau circumvented them by appealing directly to the president, as he had done throughout his tenure in the capital. In a letter to the president he claimed that the interjection of the OES and the OWM directors into the tax policy-making process had only caused confusion. Indeed, the OES director had already conferred with congressional leaders about the next tax bill. The secretary asked Roosevelt again to define the precise limits of his duties.¹²

On August 10, Morgenthau met with the president, who had just returned from a vacation. Roosevelt and his party--including Byrnes, Leahy, and others--had spent a week fishing on McGregor and Whitefish bays in the Canadian wilderness.¹³ During his conference with the secretary, the president told him that "Jimmy Byrnes feels in his new position that taxes are a part of his over-all responsibility. . . ." Morgenthau then protested that he had meant Vinson, not the mobilization director. Roosevelt instructed him to go ahead and prepare various alternatives that would raise an additional \$12 billion. He refused to sign a memorandum to Byrnes and Vinson, stating that Morgenthau had indivisible authority in fiscal matters. The administration, he assured the secre-

tary, should be one "happy family." The secretary's authority had been diluted, but he still noted in his diary that he would not brook any interference from Vinson.¹⁴

As it turned out, Morgenthau would not tolerate any "interference" from the mobilization director. On August 16, speaking over WEA radio station, Byrnes called for increased taxes, enforced savings, or both. This public avowal "shocked" the secretary. He contacted Elmer Davis, director of the Office of War Information, to find out whether he had approved the director's speech. Davis informed him that his organization considered Byrnes to be responsible only to the president; so he had not and would not attempt to censor his speeches.

Morgenthau next wrote the director a scorching letter, accusing him of doing "serious harm" to the Third War Loan Drive. Since the president supported voluntary bond sales, Morgenthau asked him to amend publicly his statement. This letter annoyed Byrnes who could not understand why the secretary professed being shocked by his advocacy of compulsory lending. Until Roosevelt directed him otherwise, he informed Morgenthau that he would continue to discuss tax policy.¹⁵

The secretary and his staff now thought that Byrnes had gone too far. They prepared an executive order

delimiting the jurisdictions of the OWM and the department. On August 29, Roosevelt told the secretary that he would not sign any such statement to Byrnes; instead, he promised to call them both in for a talk. He also said that he would instruct the director not to make any more public statements on compulsory savings.

On September 9, the president met with his chief advisers for fiscal matters--Vinson, Byrnes, Rosenman, Morgenthau, and Paul. Confronted by an intransigent Congress, the Treasury Department had decided to settle for \$10.5 billion in new revenues. Before they could discuss how to raise this much money, Byrnes launched into a monologue on the scope of his responsibilities: either he would have a large role in formulating tax policy, or he would not work for its passage. He wanted the jurisdictional dispute resolved because the media had identified him as supervising the formulation of the revenue program. Roosevelt tried to soothe the "white hot" director, but the usually unflappable Byrnes was not dissuaded. He charged that Morgenthau was the only man he could not and would not work with. The president had had enough bickering; he pounded his desk and said, "I am the boss, I am giving the orders." Delighted, Morgenthau told Byrnes that they were in agreement on general tax policy,

but the director countered, "I wouldn't agree with you on anything."¹⁶

Four days later the principals met in the OWM offices; this included Byrnes, Vinson, Morgenthau, Paul, and Herbert Gaston. The director had cooled off and was affable. Morgenthau explained his plan to integrate higher income taxes with larger payroll Social Security taxes, as proposed in a bill sponsored by Senator Robert Wagner. Byrnes and Vinson doubted the wisdom of such a plan. Congress, they contended, would not increase Social Security taxes so that the federal government could take over all unemployment insurance and could initiate medical insurance as stipulated in the Wagner bill. Unable to reach a conclusion, they met with the president the next day, September 14, 1943.

Roosevelt finally decided to support a modified version of compulsory savings. An additional \$5 billion would be raised by imposing new tax rates on personal income of more than \$3,000, and part of this tax increase would be refunded after the war. But during a conference with congressional leaders the next day, September 15, Senator Walter George and Representative Robert Doughton killed this plan by flatly stating it would not pass in either house.¹⁷

On October 4, 1943, Morgenthau asked the House Ways and Means Committee to sanction a bill raising an additional \$10.5 billion. He also suggested a postwar refund scheme and increases in the Social Security tax. The press lambasted this program for not raising tax rates on incomes below \$5,000 per year. Three-fourths of the daily newspapers opposed the program. The Ways and Means Committee reported a bill calling for \$2 billion more revenue. It provided favors to the mining and natural gas industries, and eased the impact of the excess profits tax. The Senate bill was no better--it increased revenues by \$2.1 billion. But the Senate Finance Committee had also reduced the scheduled raise in Social Security taxes by \$1.4 billion.

In January the conference committee produced a bill laden with inequalities while it provided very little additional revenue. The Treasury staff counseled veto. Morgenthau consulted Byrnes. "'If you ask your mother for a dollar,' the director said, 'and she gives you . . . a dime, you're not going to turn the dime down. You go back for ninety cents this afternoon.'" The final decision on the tax bill was made at a time when the mobilization director was extremely upset and disgusted, and was acting somewhat petulantly. He had already tendered his

resignation to Roosevelt because of what he considered were machinations by Rosenman to dilute his, Byrnes's, authority. Shortly after his conference with Morgenthau on February 1, he left for a short visit to Spartanburg. Angry and frustrated, Byrnes fully expected to go through with his resignation. The director later admitted to Walter Brown that during this time he was less than vigilant in his attention to official duties.

While the director rested in South Carolina, Vinson left for him a memorandum of why he thought the president should veto the bill. Demonstrating that the bill would raise less than \$1 billion in new revenue, the OES director contended that only a veto would persuade the nation of the grave need for a stiff revenue bill. After returning to the capital, Byrnes read these arguments. Others, especially Ben Cohen, prodded him to recommend a veto. He then changed his mind and so advised Roosevelt during two days of conferences on the tax bill, February 9 and 10.

On February 10 before his meeting with Roosevelt, Byrnes discussed the veto with Vinson who gave him another memorandum expounding the reasons for a veto. It had been prepared by the staffs of the Treasury Department and the OES. Byrnes read over this draft, made some changes, and

sent it to Cohen for elaboration. The OWM director noted that some of the provisions resembled a relief bill, not a revenue bill. Ben Cohen then reworked it into a veto message, and this the director presented to Roosevelt.

This memorandum contained a blistering indictment of Congress for failing to pass an adequate tax bill. It did not provide enough money to finance the war or to lessen the threat of inflation. In fact, the bill would yield only about \$900 million in new revenues. Congress had passed a bill to provide "relief not for the needy but for the greedy." This meant that "pleas for unpardonable tax concessions to self-seeking special-interest groups prevailed." Byrnes castigated the legislators for enlarging and extending the depletion allowance, for providing low tax rates for the lumber industry, and for allowing operators of natural gas pipelines relief from the excess profits tax.

Like Byrnes, the president succumbed to the logic of those who advocated a veto. A few days after the conference of February 10, Grace Tully brought over to the OWM director the veto message. Roosevelt had made extensive use of Byrnes's memorandum. The director made a few minor revisions and returned the message. On February 22, 1944, the president vetoed the revenue bill.¹⁸

Roosevelt did so even though the congressional leaders--Senate Majority Leader Barkley, Speaker Rayburn, and House Majority Leader John McCormack--had warned him that Congress would override his veto. Furthermore, he had not informed Byrnes of the outcome of his meetings with these legislators. The rancor of the congressional reaction surprised the director. The biting phrases in the message--such as labeling it "a tax bill . . . for the greedy," and a "small piece of crust," not nearly a whole loaf--stung and enraged the legislators. The day after the veto, February 23, a furious Barkley denounced the message as a "calculated and deliberate assault" on the "integrity" of each legislator. The attack on the bill's provisions for the lumber industry, the senator charged, was uninformed because the president had never harvested anything from his estate except Christmas trees. Then he announced he would resign as majority leader the next day.¹⁹

Pandemonium broke loose. Steve Early, the president's press secretary, rushed to the OWM offices and told Byrnes of Barkley's intention to resign. The director telephoned Roosevelt in Hyde Park, relating the fast-breaking events. Unperturbed, the president advised him to "'forget about it and just don't give a damn.'"

Finally persuaded by Byrnes's arguments, he unenthusiastically instructed him to draft a letter and send it to the majority leader. Byrnes then dictated a soothing reply, asking Barkley not to resign and assuring of his, Roosevelt's, continued friendship and esteem. Cohen, Vinson, and Roosevelt made minor changes, and then Steve Early took this letter, which was typed as a telegram, to Barkley's apartment.

That evening, February 23, Byrnes visited the majority leader. For more than two hours the director assuaged Barkley's hurt feelings. The senator told him how offended he was by the veto message. The next day, following a scenario mapped out in advance, Barkley resigned at a Democratic caucus meeting, and with tears in his eyes he informed the assembled press of his action. Then a contingent of senators escorted him back to the conference room where the Democrats unanimously reelected him majority leader. Both houses easily overrode the veto: the first time ever a revenue bill became law in this manner.

This overwhelming defeat for the administration ended all discussions about taxes for the duration. This episode exemplified the deteriorating relations between the legislative and executive branches. The jurisdic-

tional clashes among departments and agencies shrank in comparison to the ideological chasm and personal enmity separating the White House from Capitol Hill. Indeed, once Roosevelt and Byrnes read the entire text of Barkley's speech of February 23, they both regretted the director's efforts to mollify the majority leader. This veto fight and other domestic policy disputes epitomized the dichotomy rending the American political life: full mobilization versus politics-and-business-as-usual. The politics of provincialism, greed, and conservatism overpowered the demand for an effective revenue and inflation-fighting bill. Congress, the special interests, and a sizable portion of the public wanted to wage a "soft war" and would stalemate the administration in other domestic issues.²⁰

NOTES TO CHAPTER X

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CHAPTER XI BYRNES AND POLITICS

Byrnes had structured the OWM so that he could decide general policy for the stabilization program while avoiding the quagmire of minutiae. This program of price and wage controls remained unpopular with the farm groups and labor organizations. During his OES tenure, he and Prentiss Brown of the OPA had worked out rollback subsidies for some food items. On June 1, 1943, the retail prices of beef, veal, pork, lamb, mutton, butter, and coffee were reduced by 10 percent. Subsidies added impetus to the concerted efforts of farm organizations, the farm bloc, and conservatives to dismantle price controls.

From June until the next February, the OWM director worked to prevent the emasculation of the food program. This was no easy task because the administration was divided and was uncertain of congressional support. Chester Davis, the war food administrator, opposed this program because consumer subsidies, he reasoned, only stimulated demand by increasing purchasing power. He advocated a support plan that would reward the farmer for

producing commodities needed by the war effort. The farm organizations disliked consumer subsidies; they believed that the high wartime wages allowed everyone to pay the full price.¹

Nevertheless, Roosevelt and Byrnes forged ahead. On June 15, the president publicized a plan, which the OWM staff had drafted, to grant subsidy payments to food processors. This program, they hoped, would hold down the cost of living and would propitiate labor. To Davis, the president and the director had gone too far. The next day he tendered his resignation, complaining of being left out of the decision-making process. Roosevelt asked Byrnes what to do.²

The director advised him to accept the resignation. If he did not, then the subsidy program was doomed. The director recommended as a replacement his assistant, Marvin Jones, who had the confidence of both the farm bloc and the Farm Bureau. Jones, he predicted, would not try to dictate policy to the president. Roosevelt agreed and telephoned Jones. He told Jones that if he did not accept the position, then he, Roosevelt, would have to ask Herbert Hoover, an arch-enemy. Jones responded that the former president had performed admirably as food czar during World War I, but he accepted the position.

On June 28, the White House announced the resignation of Davis and the appointment of Jones. This proved to be a wise selection. Jones worked well with Byrnes and became a member of the OWMC. He also consulted the liberal faction in the Farm Security Administration and appointed as a staff member Paul Porter, a former OPA executive, to facilitate relations with that agency. Most importantly, he devoted his energies to devising and administering policies in line with the stabilization program.³

Davis's ouster did not improve relations with Congress. In late June the New York Times predicted that the rollback subsidy plan "is dead." Reports by the Office of War Information indicated that the public lacked confidence in the stabilization program, and particularly in the OPA. In June, besides overriding the veto of the Smith-Connally bill, Congress passed a bill to extend the life of the Commodity Credit Corporation (CCC) that also prohibited the payment of consumer subsidies. The farm bloc, Drew Pearson reported, had the support of the large food processors; that industry did not want the government to audit their books.

On July 2, Roosevelt vetoed this bill. He argued that its enactment would "have a devastating effect" on the economy. Unable to override this veto, the legisla-

tors extended the CCC until December 31, 1943, and increased its lending capacity. Attempting to revive the popularity of the stabilization program, Byrnes initiated a publicity campaign. He had the president's veto message distributed to school teachers, preachers, and others living on fixed incomes and proposed that magazines run advertisements in support of the anti-inflation program.⁴

Throughout the summer and fall of 1943, Byrnes determined the guidelines of the food program. He stipulated the continued use of subsidies to roll back consumer prices, directed the WFA to buy and resell certain crops, and mandated production subsidies for a few commodities, notably milk. In this way he watched as Vinson, Prentiss Brown, Chester Bowles, and Marvin Jones thrashed out the details of the subsidy programs. On September 1, he notified Roosevelt that after "much trials and tribulations," a plan to lower the prices of potatoes, lard, peanut oil, and apples had been approved. This plan, he believed, would reduce the cost-of-living index to about 2.5 percent above the level of September 15, 1942--the goal established in the stabilization act of October 1942.⁵

Then the administration tried to persuade the leaders of the farm organizations to accede to the new food pro-

gram. In short, the administration wanted a truce with the farm bloc. On September 15, Roosevelt, Byrnes, and Vinson met with Ed O'Neal of the Farm Bureau, James Patton of the Farmers Union, Ezra Benson of the National Council of Farmer Co-operatives, and Albert Gross of the Grange. The farm spokesmen expressed their concern about rollback subsidies and farm prices in the postwar period. The president's advisers explained that the administration would henceforth attempt to separate retail prices from farm prices, giving the farmers a producers' price. In late October the House Banking and Currency Committee, at the behest of Democrat Henry Steagall of Alabama, voted to prohibit most food subsidies after January 1, 1944. Roosevelt still hoped to win over the farm organizations. On October 20 he again met with farm spokesmen. Ed O'Neal suggested that a small inflation rate would be beneficial. Roosevelt said that was like a girl explaining that she was "a little bit pregnant" or like a person using small amounts of cocaine until he was an addict.⁶

On November 1, Roosevelt sent to Congress his food message, which had been written by Rosenman and revised by Byrnes. They hoped to persuade the public to support the fight against inflation. In this message the president enunciated the two main objectives of the farm program:

the most efficient production of the required foodstuffs, and a just distribution to consumers. The war, he reasoned, could not be effectively waged without price support programs; such programs had subsidized the marginal copper producers and lowered the cost of coal and oil by defraying some of the transportation costs.

In 1943 subsidies would cost the government approximately \$800 million but would save it much more by checking the inflationary spiral. From September 15, 1942 until May 15, 1943, the cost of living climbed 6.2 percent, including an increase of 13 percent for food prices. After the promulgation of the "Hold-the-Line" order, equalization and subsidy payments had reversed the upward trend.⁷

Congress paid little heed to these arguments. Concurrently, legislators were in the process of enacting a weak tax bill, attaching a subsidy ban to the CCC bill, and toying with a resolution to grant the "non-ops" railway brotherhoods an hourly increase of eight cents. Unconcerned with inconsistencies, legislators thought that the public did not have enough money to endure higher taxes but had sufficient income to pay higher food prices. On the second anniversary of Pearl Harbor, Byrnes attacked special interests and their representatives in Congress.

He demanded that all such groups "lay that pistol down," referring to the threat of strikes to extort a wage increase. If any one group secured an advantage, then all Americans, he warned, would suffer severe economic hardships.

This speech launched a concerted publicity campaign in order to circumvent Congress and special interests. Rayburn, Charles E. Wilson, and Chester Bowles of the OPA all made similar speeches. By middle December the administration, Byrnes informed the president, had the support of a substantial majority of the nation's newspapers. After the director assured Barkley that no new subsidy programs would be initiated, Congress extended the life of the CCC until February 17, 1944. In February, Congress passed and Roosevelt vetoed a CCC bill that would also prohibit consumer subsidies. Failing to override it, the legislators extended the CCC until June 30, 1945.⁸

For the duration the subsidy program remained in effect, its funds inviolate from congressional parsimony. During late summer 1944, Byrnes and Marvin Jones recommended removing certain food items, mostly canned goods, from the ration list. Partly a partisan political move, the director thought that this would demonstrate the administration's willingness to dispense with obsolete

wartime regimens and that it would prevent a postwar slump in the prices of these goods. In early September he implemented this program with Roosevelt's approbation.⁹

Throughout 1943 the most spectacular challenges to the wage controls came from the UMW and the railway brotherhoods; these attacks exemplified the concerted effort by labor to reorder the stabilization program.. Philip Murray of the CIO and William Green of the AFL assiduously lobbied for a upward revision of the Little Steel formula. In late July 1943, they bombarded Roosevelt with arguments justifying higher wage rates. Murray proclaimed the stabilization program a failure: workers suffered doubly, from frozen wages and from a spiraling cost of living. At a White House conference on July 22, the CIO chief asserted that Byrnes cared only for the interests of management. Defending the OWM director, Roosevelt contended that Byrnes did not favor any one group and was doing a difficult job to the best of his ability.¹⁰

Labor had used these arguments before and would continue to do so. In December 1943, the president appointed a Committee on the Cost of Living to investigate labor charges that the wages had not kept up with the inflation rate. The labor representatives, R. J. Thomas of the CIO

and Meany of the AFL, claimed that the study revealed an increase of 43.5 percent in the cost-of-living index from January 1941 to December 1943, instead of the 23.4 percent as determined by the Bureau of Labor Statistics (BLS). They argued, and Murray agreed, that the BLS did not take into account all food costs, deterioration in the quality of consumer goods, disappearance of cheaper items, and regional differentiations. The entire committee estimated that the actual cost of living had jumped between 26.8 and 28.5 percent.¹¹

This did not deter labor though. In June 1944, for example, Murray again excoriated the stabilization agencies at the CIO's Political Action Committee (PAC) conference. By then he had added to his repertoire; union members needed increased wage rates to compensate for cutbacks and reduction in the workweek. He characterized the OES and the OWM policies as "stupid" and "assinine" for enforcing "wage regimentation" in the face of rising costs and lower total income. In July, with the approaching presidential campaign, Murray again demanded a large hike in the Little Steel formula. In spite of this pressure, the Little Steel formula did not undergo any basic upward change.¹²

These challenges to the stabilization program resulted from the nature of American life. These years witnessed the fruition of the broker state. Special interest groups--farm, labor, and business--vociferously defended their shares of the national income. Byrnes and other proponents of stabilization had the unenviable task of telling them "no." And they achieved remarkable success considering the uncooperativeness of Congress. In his memoirs Byrnes noted that the cost of living only advanced 3.2 percent from the "Hold-the-Line" order of April 1943 until April 1945.

Certain groups, of course, fared better than others. Marvin Jones informed the director that total farm income for 1943 would be the highest ever. Workers in the major unions enjoyed significant increases in their income through wage rate hikes and overtime and incentive payments. Executives reaped the benefits of expanded corporate profits, and Congress abrogated the \$25,000 salary limitation. Others did not fare as well because of regional and area disparities and deterioration in the quality of consumer goods. Workers who were not union members and those people living on fixed incomes suffered from inflation. Byrnes and the other stabilizers conscientiously tried to equalize the impact of the war.

He, for instance, upheld Vinson's ruling not to grant the oil industry a price increase. All in all, the stabilization program worked well.¹³

Congress proved even more obstreperous on other domestic issues. Byrnes had the impossible task of trying to improve relations between the administration and hostile legislators. Roosevelt's influence on the Hill had plummeted to its nadir. Augmented by defections from the Democratic ranks on specific issues, the Republican-southern Democrat coalition retired various New Deal enterprises: the Civilian Conservation Corps, the Works Progress Administration, the National Youth Administration, and the National Resources Planning Board. It emasculated others, like the Farm Security Administration and the Rural Electrification Administration. Without a doubt the legislators deserved much of the criticism. Congress had become embittered, represented at times the worst aspects of broker politics, and had developed an enmity for the president to such a degree rarely seen in American politics. Certainly the conservative demeanor and the approaching presidential election explained much of the strained relations.

If as some have argued he was in the vanguard of American liberalism, then Roosevelt could justifiably

complain that the conservative tenor of the country had hamstrung his program. But in fact, he made no real effort to demand or support a liberal program. When in December 1943 he said "Dr. New Deal" was dead, he meant it; it was no political ploy. He was more concerned with gaining, keeping, and wielding political power; so with the outbreak of war he effected a reconciliation with business groups. Unsympathetic with large scale planning, he adopted a necessitarian view of the war. He responded to the political currents, and thus, he had little support for liberal measures.¹⁴

In 1944, while he mounted a successful reelection campaign, the president had no more success with Congress. Even though he enunciated the "Second Bill of Rights" in the state of the union message, he only secured passage of the GI Bill, which provided educational and employment benefits for returning servicemen. The problem that the administration encountered in its effort to win approval of the soldiers' vote bill exemplified conservative opposition to Roosevelt.

With 5 million men overseas and more stationed away from their legal residences, the president had asked Congress to enact a bill facilitating absentee voting. The southern Democrats feared that this might circumvent

poll taxes and other methods of disfranchisement. As with nearly every other issue since middle 1943, the upcoming election encroached on congressional actions. The Republicans and some southern Democrats were loath to do anything that might personally benefit the president.

The Senate passed the Eastland-McClellan-McKellar bill, which embodied the states' rights position. It merely recommended that each state pass laws allowing soldiers to cast absentee ballots. Byrnes coordinated the administration's effort to secure a more meaningful bill. But the House only revised it to the extent that a serviceman could request the use of a federal ballot in certain circumstances. It became law without Roosevelt's signature on March 31, 1944.¹⁵

That same month Roosevelt completed his eleventh year as president. The political, administrative, and diplomatic demands of the war had greatly increased the burdens of the presidency. And his health had worsened. An examination at the United States Medical Hospital revealed that he had a serious heart condition. Nevertheless, he decided to seek reelection so that he could continue to direct the war effort and implement his plans for a world organization. The question of who would be his running mate became the crucial issue. The inter-

necine strife which enveloped the 1944 vice-presidential nomination reflected the tensions within the party between urban, labor, and liberal groups and party professionals and conservatives. It also reflected the belief that Roosevelt would not live to complete his fourth, and certainly his last, term. Even if he lived to complete this term, the next vice-president would be in a favorable position to compete for the 1948 presidential nomination.¹⁶

For these reasons Roosevelt delayed his decision on the vice-presidential nominee until immediately before the convention. Only after the convention delegates assembled at Chicago did his preference for Senator Harry S. Truman become known. Two major arguments have been advanced to explain this delay. After deciding upon the senator, Roosevelt, whose inability to inform associates of unpleasant decisions was well-known, complicated the situation by failing to tell many of the erstwhile candidates that they were unacceptable. The selection of Truman has also been explained as having resulted from the president's preoccupation with the war and his precarious health, both of which prevented him from deciding whom the nominee would be. According to this second argument, the party professionals chose Truman

because he would hurt the ticket the least in the November election; they secured him the second place on the ticket by persuading the president to drop Henry A. Wallace and to support Truman.¹⁷

Persuasive as these arguments are, they do not account for Roosevelt's main reason for having Byrnes and Wallace seek the nomination. The president knew that he would have to select a running mate who was acceptable to most of the disparate elements of the party and who would detract the least from the ticket. He chose to demonstrate to the party brokers that an acceptable compromise candidate had to be nominated. He encouraged Byrnes and Wallace, representatives of antagonistic wings of the party, by intimating that the vice-presidential nominee would be chosen at an "open" convention. Once these contending factions nullified each other at the convention, Roosevelt's agents easily secured the nomination of Truman.

The OWM director became interested in the vice-presidential nomination for two principal reasons: the widespread opposition to the renomination of Vice-President Wallace and Roosevelt's intimations that he would like to have him, Byrnes, as his running mate. Serious opposition arose to the renomination of Wallace. He had

done little to propitiate party leaders and had won few friends among prominent Democratic senators. To many, Wallace was an enigmatic nonpolitician, too outspoken in support of organized labor and racial equality. Conservative Southern Democrats regarded him as anathema. Wallace, however, did have the support of many liberals, the Congress of Industrial Organizations (CIO), and northern blacks. The controversy that surrounded Wallace's bid for renomination exemplified the tensions within the national party; labor and blacks were enjoying more influence while southern and rural groups lost some of their previous importance.¹⁸

Roosevelt still regarded the vice-president as a personal friend and as a stalwart liberal. Reports that his renomination would heighten the Democrats' internecine strife and would result in large defections from the ticket in November troubled the president. And it appeared that Wallace could only be renominated if Roosevelt would put up a strenuous fight at the convention; something he would not do in 1944. By middle June, Roosevelt had decided that Wallace would be a political liability both in the November election and in his efforts to renew Democratic unity.¹⁹

Party leaders had already begun to discuss various alternative candidates. Although aware of the conjecture

concerning his availability, Byrnes refused to become entangled in the early maneuverings in the race. Only after he had received numerous reports of the president's persistent interest in a Roosevelt-Byrnes ticket did he become interested in the nomination. Many well placed Democrats--Robert Hannegan, chairman of the Democratic National Committee; Mrs. Anna Rosenberg, a regional director of the War Manpower Commission; Chicago Mayor Ed Kelly; and General "Pa" Watson--reported that they had had conversations with Roosevelt during which he had talked of replacing Wallace with Byrnes. In June the president himself intimated to Byrnes that he hoped the OWM director would become a candidate. These presidential encouragements caused him to reconsider his position.²⁰

Concurrently with these tantalizing reports that reached Byrnes, the president conferred with advisers who disparaged the idea of a Roosevelt-Byrnes ticket. On July 6, Ed Flynn, a New York national committeeman and "Boss" of the Bronx, had just completed a swing through the northern industrial states. He reported that Wallace's renomination would cost the ticket as many as three million votes in November. At this time Roosevelt was concerned about his reelection chances. Flynn also expressed vehement opposition to Byrnes because he feared

that the OWM director would alienate the northern big-city vote, labor, and Catholics. Black defection from a Roosevelt-Byrnes ticket, warned Flynn, might be massive enough to insure that Thomas E. Dewey, the Republican nominee and the governor of New York, would carry New York state, a thought that horrified Roosevelt. Byrnes had been reared a Catholic but had become an Episcopalian after his marriage. This conversion, Flynn believed, would alienate many Catholic voters. Furthermore, Flynn wondered how enthusiastic labor would be toward a Roosevelt-Byrnes ticket. After reviewing a number of potential candidates, Roosevelt and Flynn reached a tentative conclusion that Senator Truman would be the best compromise choice. Roosevelt told Flynn to organize a meeting of his major advisers for July 11, during which Flynn was to bring up Truman's name.²¹

Also on July 6, the president discussed the vice-presidential situation with Samuel Rosenman, Secretary of Interior Harold Ickes, and Mrs. Anna Roosevelt Boettiger, his daughter. This luncheon meeting was held on the porch outside of the president's office on a sweltering day. Roosevelt instructed Ickes and Rosenman to tell Wallace that while he was the president's first choice, he, Roosevelt, would not insist upon his renomination.

Then Roosevelt stated that he did not want any nominee from below the Mason-Dixon line, which excluded Byrnes and Speaker Sam Rayburn. The group then discussed Truman and other possible candidates but broke up without coming to any definite conclusion.²²

While either Wallace or Byrnes would have been acceptable to Roosevelt personally, he had to select a candidate who would cause the least disruption within the party and who would detract the least from his chances for reelection. His concerns about party unity were well founded. By the end of the first week in July, the president had decided that the OWM director would be a liability, instead of an asset, as his running mate. Knowing that Wallace and Byrnes had implacable foes within the party, Roosevelt dealt with each in similar ways in order to achieve his own ends.

Byrnes learned of the developing opposition to his candidacy. Mrs. Rosenberg reported the substance of Flynn's remarks. Similarly, on July 7, Hannegan informed him that Flynn's objections had weakened the president's resolve to indicate a preference for Byrnes and that for the first time he had discussed with him, Hannegan, the possibility of other candidates--Ambassador John Winant, Supreme Court Justice William O. Douglas, and Senator

Truman. The president, Hannegan stated, had decided to call in his principal advisers for a strategy session on July 11.²³

Roosevelt, as was his wont, delegated to Rosenman and Ickes the unenviable task of trying to dissuade Wallace from seeking renomination. Immediately upon the vice-president's return to Washington on July 10 from his special mission to China, they had lunch together. The vice-president cut short the discussion about his political future. But Ickes and Rosenman impressed upon him the idea that while Roosevelt personally preferred to retain the same ticket in 1944, he believed Wallace to be a political liability and hoped he would not allow his name to be entered for renomination.²⁴

After this meeting the two emissaries drove to the White House, where they met the president in his bedroom to tell him of their failure to persuade Wallace to withdraw. The president, reiterating his commitment to drop Wallace, asserted that no one from below the Mason-Dixon line would be acceptable as his running mate. Byrnes was unacceptable because of the religious issue, his age, and his South Carolina origins. The president still did not name a replacement for Wallace.²⁵

Later that afternoon, July 10, Wallace conferred with Roosevelt about his trip abroad and about the upcoming

convention. The president informed him that he would not insist upon a Roosevelt-Wallace ticket. That was fine with Wallace; what the vice-president wanted was to know if the president really preferred him and, if so, would he publicly state this preference. The president acquiesced to these requests, and they decided to discuss the matter further on Tuesday and Thursday, July 11 and July 13. During their luncheon meeting the next day, July 11, Wallace vigorously defended his bid for renomination, rejected the contention that he would be a liability, and gave Roosevelt a proposed statement of support. He declined to issue the Wallace statement because he wanted to compose his own statement. The meeting broke up with the vice-president still believing he was the president's choice for the nomination.²⁶

On July 11, Roosevelt finally announced that he, like a "good soldier" doing his duty, would accept the nomination and campaign for the presidency. That morning Harry Hopkins confided to Byrnes that the president had just told him that Byrnes and Justice Douglas remained as the only viable candidates for the nomination. While still troubled by the possible reaction of black voters, Roosevelt, as reported by Hopkins, believed that Byrnes would be the better president if something should happen

to himself and could easily win the nomination in an open convention. Hannegan and Kelly also raised the black voter issue at a lunch meeting with Byrnes. Notwithstanding Hopkins's reassurances, the OWM director knew that his chances were not as good as they had been just the week before because of the objections raised by Flynn.²⁷

Tuesday night, July 11, Ed Flynn, Edwin Pauley, Frank Walker, George Allen, and Robert Hannegan entered the White House through the east entrance in order to ensure the secrecy of their dinner meeting with Roosevelt. At dinner Roosevelt dominated the conversation, talking about almost everything but the vice-presidential muddle. Afterward the group adjourned to the president's second floor study where John Boettiger, Roosevelt's son-in-law, joined them to thrash out the list of possible candidates. Over coffee and drinks on a warm summer evening, Roosevelt listened while the party leaders scrutinized each potential nominee.

These advisers rejected Byrnes, Senator Barkley, and Speaker Rayburn, and hardly even mentioned Wallace. Being a former Catholic, a southerner, and responsible for the "Hold-the-Line" order, Byrnes, they reasoned, would alienate blacks, Catholics, and organized labor. The

conversation was turned to a discussion of Senator Truman. As Ed Flynn has written, Truman "just dropped into the slot" because he had compiled an admirable record as chairman of the Senate Committee to Investigate the National Defense Program, had supported labor legislation, was sympathetic to veteran problems, added geographic diversity, and understood the workings of big-city Democratic organizations. Roosevelt finally ended the meeting by saying to Hannegan: "'Bob, I think you and everyone else here want Truman.'"

The guests hurriedly left the study before he had an opportunity to change his mind. But Hannegan returned to the study and obtained from him a note which stipulated that he would gladly accept Truman or Douglas as his running mate. The next morning, July 12, Hannegan had this note typed on White House stationery, and it was dated July 19, 1944.²⁸ Roosevelt probably included Douglas's name in the Truman-Douglas letter to avoid the appearance of dictating to the convention. Roosevelt had decided upon Truman, and would not waver from this choice.

On July 12, Frank Walker, Hannegan, and Leo Crowley each met separately with Byrnes to discuss the opposition to his candidacy that had surfaced the previous night. They also informed him about the sentiment for Truman and

Douglas. Hannegan emphasized that the party leaders, and especially Flynn, were concerned about a large defection of black voters. Perplexed and disconcerted, Byrnes telephoned Roosevelt for a confirmation of what he had been told. "'You are the best qualified man in the whole outfit,' Roosevelt reassured him, 'and you must not get out of the race. If you stay in, you are certain to win.'"²⁹ Even though he had no intention of supporting the South Carolinian, he continued to encourage Byrnes to become a candidate.

The president instructed Hannegan to recite the objections to Wallace. So the national chairman visited the vice-president in his apartment on Wednesday morning, July 12. Hannegan asked him to withdraw voluntarily from the race; Wallace refused, saying he would drop out only if the president indicated to him personally that he was a political liability. After advising him of Roosevelt's intention to list him as his first choice, Hannegan declared that the president would probably also name a second preference who would undoubtedly win the nomination. Nonetheless, Wallace remained unconvinced.³⁰

Thursday, July 13, the behind-the-scene maneuvering continued as Roosevelt had separate conferences with Byrnes, Sidney Hillman, and Wallace. The vice-president

saw Roosevelt at 1:40 P.M. After discussing the letter he would write in support of Wallace, Roosevelt repeated his advisers' opinion that his renomination would seriously hurt the ticket in November. Wallace volunteered to withdraw, but the president declined to accept this offer because he claimed he had not yet decided upon the accuracy of these reports. The president reviewed the possible running mates, remarking about how eager Byrnes was for the nomination; he maintained that the OWM director was too old and that he would alienate black voters. Denying that he was going to name publicly a second choice, Roosevelt said, "' . . I hope it will be the same old team.'"31

Sidney Hillman, head of the CIO's Political Action Committee (PAC), was a shrewd political operative. Since the summer of 1943, he had conducted negotiations with Roosevelt about labor support for his reelection campaign. With as many as five million CIO voters to offer Roosevelt, Hillman was an important supporter, one that Roosevelt had to consult. During June 1944, Hillman heard rumors that Roosevelt had decided to make Byrnes his new running mate; he had met with the president to express labor's opposition to Byrnes. By July, Hillman knew that Wallace could probably not win renomination. He now began

to consider other possibilities who had to be liberals and friendly to labor. Even though the CIO-PAC would be an important force in the upcoming campaign, it was not in a commanding position, and he knew this. He understood that he would have to discover Roosevelt's true intentions and to make sure that the CIO was in accord with them.³²

During this conference with Roosevelt on July 13, Hillman expressed consternation about the OWM director's increasing support. The president assuaged him by showing him the Wallace letter and the Truman-Douglas letter; the labor leader concluded correctly that Wallace would not be renominated and that Roosevelt had decided Truman would hurt the ticket the least of all the potential candidates. Hillman now knew he must keep the CIO-PAC from opposing Truman's nomination.³³

That morning Byrnes met with the president, and after disposing of other matters, they talked politics. Roosevelt told him of his decision to write Wallace a letter which would state his personal preference for him but without making his own acceptance conditional upon Wallace's renomination. He also stated that he would not indicate a preference for any other candidate. With this promise not to influence the delegates' selection, Byrnes said that he would probably become a candidate. He then

disparaged his supposed liabilities. He was contemptuous of the charges that he was too old and that the Catholics would defect from the party. The OWM director also argued that he could have a more positive impact on civil rights issues because his advocacy of the elimination of the poll tax would carry more force than the support of a Wallace or a Douglas. He maintained that he could be a more effective political operative than Wallace had been. More to the point, Byrnes told the president he should not be so concerned with candidates' availability and should weigh their respective qualifications. Byrnes then queried him if he thought that he could only win a fourth term by riding into office on the coattails of the vice-president.³⁴ Later that afternoon, Roosevelt called in Leo Crowley, asking him to caution the OWM director that while he, Roosevelt, regarded him as a close friend, he had not been given an unqualified endorsement.³⁵ Byrnes still did not know that Truman was Roosevelt's choice.

On Friday, July 14, Byrnes had lunch with Hannegan and Walker at Leo Crowley's apartment in order to determine how the national chairman viewed his candidacy. These two now contended that they would have to inform the delegates that Roosevelt favored either Truman or Douglas. This was the first time that Byrnes was told of

the finality of Roosevelt's support for these two candidates. Returning to his office, Byrnes telephoned Roosevelt at Hyde Park. The OWM director asked him if he preferred either Truman or Douglas. Stating that he still favored no one for the nomination, the president said that he had told Hannegan that he did not object to either Truman or Douglas. Roosevelt steadfastly maintained that there was a distinction between preferring and not objecting to either one of them. Reaffirming that he had not expressed a preference for anyone, Roosevelt reiterated his fondness for Byrnes. Then the mobilization director called Hannegan and read him the transcript. Byrnes had recorded the conversation in shorthand. While standing by his earlier statements, the national chairman was perplexed because Roosevelt had contradicted what he had written in the Truman-Douglas letter.³⁶

On Friday, Byrnes telephoned Senator Truman, at his home in Independence, Missouri, to ask him to place his name in nomination. This request became one aspect of the Byrnes-Truman feud, which developed after Byrnes resigned as Truman's secretary of state in 1947. Truman, his daughter, Margaret, and his supporters have claimed that Byrnes, after discovering the president had picked the senator as his running mate, attempted to circumvent

this selection by asking Truman to nominate him. They have argued that Byrnes had known about Roosevelt's preference for Truman since July 12, when Frank Walker, at the president's request, had told him the outcome of the Tuesday night meeting--namely, that Truman was the compromise choice. Furthermore, Truman had maintained that he agreed to place Byrnes's name before the convention only after Byrnes had assured him that he was the final choice. Similarly, Margaret Truman has characterized Byrnes's request as a devious and "unethical" plan.³⁷

Byrnes has written that he telephoned Truman after he had had his conversation with Roosevelt on Friday. It seems more likely that the discussion with the president on Thursday convinced him that he had an excellent chance to win the nomination, and he probably called Truman Friday morning. If the senator's name had been mentioned as a possible nominee, so had a great many others, and Friday's newspapers carried another statement from Truman, denying any intention to seek the nomination. Byrnes has written that he explicitly asked the senator if his disavowal still stood, which he confirmed. The director has denied that he claimed to be Roosevelt's final choice. Truman probably assumed that the OWM director had the president's backing without Byrnes actually

having said so. Nevertheless, the senator agreed to nominate Byrnes and promised to attempt to line up the Missouri delegation for him.³⁸

Saturday morning, July 15, Byrnes had a long conference with his advisers, during which it was definitely decided that he would go to Chicago as a candidate. That morning Mayor Kelly and Hannegan telephoned from Chicago. The mayor had ascertained from the leaders of Chicago's black population that a Roosevelt-Byrnes ticket would not cause a black backlash; they believed this information refuted Flynn's objections. Kelly said that Hannegan and he would discuss this with the president when his train passed through Chicago later in the day; the national chairman assured Byrnes that he would urge the president to support him.

What transpired that afternoon aboard Roosevelt's railroad car remains a mystery. Roosevelt had already decided that a strong bid by the OWM director would convince labor and liberals that a compromise candidate would have to be accepted. Roosevelt told Hannegan to inform Byrnes that he had presidential backing, but he also instructed him to discuss the selection with Hillman and Philip Murray, president of the CIO. This decision met with Hannegan's approval; his primary objective was to

have Wallace removed from the ticket. If Byrnes did not survive the challenges from labor and the liberals, then Hannegan could use the Truman-Douglas letter to secure the nomination for the senator. After their meeting with the president, Hannegan and Kelly telephoned Byrnes and told him to come to Chicago because the president had decided in his favor. This news delighted Byrnes.³⁹

After riding the train throughout the night, Byrnes went directly from the Chicago train station to Mayor Kelly's apartment for a breakfast meeting with Hannegan and the mayor on Sunday, July 16. They told him that after Roosevelt had been informed of the attitude of Chicago's black leaders, he quipped, "'Well, you know Jimmy has been my choice from the very first. Go ahead and name him.'" The three of them made plans for the convention. Later in the day, reports began circulating among Democratic leaders and newsmen that Roosevelt had selected Byrnes as his running mate. By Monday night "Roosevelt and Byrnes" placards had been printed, and Truman had recited his nominating speech to Byrnes.⁴⁰

While Byrnes and his advisers established their headquarters in a suite on the seventeenth floor of the Stevens Hotel, Hannegan, Kelly, and other leaders started to line up support for Byrnes on Sunday. The director

spoke to Congressman William Dawson, a black leader from Chicago, who voiced no opposition to a Roosevelt-Byrnes ticket. Sunday evening Byrnes had dinner with Kelly, Hannegan, Walker, Crowley, and other party leaders during which the national chairman made known Roosevelt's preference for Byrnes. It was decided that these and other leaders would announce their support for Byrnes on Monday evening, after the Wallace letter had been made public. With the dinner guests preparing to leave, Hannegan reminded Kelly that before they announced publicly for Byrnes, Roosevelt wanted them to clear him with Hillman and Murray. Kelly agreed. So Byrnes was to talk with Murray the next day, while Hannegan approached Hillman. The national chairman viewed this request as a mere formality, and he had mentioned it to Byrnes during their breakfast meeting that morning.⁴¹

On Monday, July 17, the OWM director met with Murray in the suite next to Hannegan's room in the Blackstone Hotel. Byrnes, as Murray later told Wallace, deprecated the vice-president's value to organized labor, arguing that he could make use of his legislative expertise in order to win more support for labor legislation than Wallace had done. Byrnes later reported to Hannegan that Murray had said he would not oppose Byrnes's candidacy if

Wallace could not win the nomination. This satisfied Hannegan.⁴² Murray, unlike Hillman, was still committed to Wallace and would continue to fight for his renomination. If he would not desert a Roosevelt-Byrnes ticket in the fall campaign, Murray was opposed to the substitution of Byrnes for Wallace.

Opposition to Byrnes had become pervasive by Monday afternoon, July 17. When Flynn arrived at the Democratic National Committee meeting that afternoon, Hannegan, pulling him over to a corner, told him that Roosevelt had finally decided upon Byrnes. Flynn objected. Similarly, increasing the pressure on Roosevelt's advisers, Hillman and Murray visited Hague and Kelly on Monday afternoon to discuss labor's opposition to Byrnes. Murray argued that because Byrnes was responsible for the anti-inflation program and for maintenance of the Little Steel formula, both blue collar and white collar workers, who blamed Byrnes for restrictions on their incomes, would defect from the ticket. And most black leaders loathed the idea of a southerner as Roosevelt's running mate. At the closing meeting of the National Association for the Advancement of Colored People's annual conference in Chicago on July 16, Walter White, executive secretary of the NAACP, addressed a crowd of 30,000 in Washington Park

and proclaimed that if the Democratic delegates nominated a southerner as vice-president, the party "could kiss the Negro vote good-by."⁴³ As had been predicted by the president advisers, organized labor and northern blacks fought Byrnes's nomination.

This opposition forced Hannegan to attempt to reconcile the contending factions by calling together party leaders Monday evening. He first met with Kelly, Walker, and Flynn. Dominating the meeting, Flynn emphasized the director's liabilities, reminded them of their pledges to support Truman, and finally persuaded them to back the senator if the president restated a preference for him. They reached Roosevelt by telephone at one of the train's scheduled stops about 7 P.M. After being advised of continuing opposition to Byrnes, Roosevelt said that the OWM director would be a "political liability" and wondered why they had not proceeded to secure support for Truman. From then on Hannegan devoted his entire energies to the nomination of the senator. Later that evening Hannegan invited Hillman and Murray to a dinner meeting; the national chairman maintained that Roosevelt wanted Byrnes as his running mate. When Hillman and Murray vehemently objected, Hannegan offered to withdraw Byrnes if they would drop Wallace.⁴⁴ The factions within the party knew that a compromise candidate would have to be accepted.

Hannegan delegated to Leo Crowley the unpleasant task of informing Byrnes of Roosevelt's decision. That same night, July 17, Crowley told the OWM director that the president had finally concluded Byrnes would be a "political liability" and should not run. This statement deeply wounded Byrnes. The next morning, Tuesday, July 18, Byrnes telephoned Roosevelt who denied that he had labeled Byrnes a "political liability." No longer worried about his support in the South, the president maintained that he had to propitiate the leaders of labor organizations and northern blacks; he was worried about the large industrialized northern states that he considered crucial to his reelection. Finally, the president informed him of the existence of the Truman-Douglas letter, which he emphasized had been written in response to Hannegan's request, and told him to have the national chairman explain the letter's contents to him.⁴⁵

Later that day Hannegan met with Byrnes and confirmed what Crowley had said the previous night. Despite Roosevelt's denials, Hannegan acknowledged the accuracy of the "political liability" appellation, and he also divulged how the Truman-Douglas letter had been drafted after the White House conference of July 11. He confided that when Roosevelt had re-endorsed Byrnes during their

talk in Chicago, he had almost torn up the letter but decided to keep it in view of the president's directive to clear Byrnes with Hillman and Murray. Hannegan maintained that he had been sincere in his support of Byrnes, but once Roosevelt stated his preference for Truman on Monday, he had to abide by this order. The OWM director then drafted a letter to Senator Burnet Maybank, the chairman of the South Carolina delegation, which requested "in deference to the wishes of the President" that his name not be placed in nomination. The letter was released the next day.⁴⁶

As soon as the president restated his selection of Truman, Hannegan and the other Democratic leaders began to circulate among the delegation leaders, pushing for second ballot commitments for Truman. By Tuesday afternoon, Hannegan had already informed Truman that he was the president's choice. But Truman would not announce his intention to seek the nomination until Roosevelt intervened personally to get the senator to accept his offer. While Wallace had stronger delegate support than the leaders had anticipated, he was unable to counter the effect of the presidential support of Truman. On Friday, July 21, the senator won the nomination on the second ballot.⁴⁷

The events of Monday night bitterly disappointed and embarrassed Byrnes. He believed, quite rightly, that Roosevelt had misled him by his repeated encouragements to enter the race and by the statement to Hannegan in the Chicago railroad yard on Saturday. Hillman, Murray, and Flynn, Byrnes later reasoned, were responsible for the switch to Truman. In addition, most labor leaders objected to Byrnes because of his wartime actions to curb inflation. Blacks and liberals, such as those in the Union for Democratic Action, wanted Wallace or an acceptable compromise candidate. Thus, Byrnes had important supporters and irreconcilable enemies, as did Wallace. Once their supporters collided at the convention, it became obvious that there would have to be a compromise choice. And Roosevelt had counted on this all along.⁴⁸

Before the convention had even met, Roosevelt had decided that neither Byrnes nor Wallace could be nominated without intensifying the disharmony within the party. He encouraged Byrnes to enter the race, while, at the same time, he made certain Byrnes could not be nominated by telling Hannegan to "clear it with Sidney."⁴⁹ Rosenman later told Ickes that the president had had to use Hillman to deflate the strong, and to the president's thinking

dangerous, boom for Byrnes.⁵⁰ Even though Roosevelt could not have foreseen the violent reaction to his order, it worked as he had anticipated. Roosevelt named Truman to ensure party unity that he had to have in order to win in November.

Byrnes returned to his office in the White House. If the president had not been out of the country, he probably would have resigned shortly after the convention. The press predicted that he would soon leave government service. He reportedly had offers to join various Washington law firms at an annual salary of \$100,000. Some believed that if he resigned, the president would replace him with Henry Kaiser. Still bitter, the director supposedly only sent Roosevelt memoranda, rarely meeting with him. During at least one cabinet meeting they had an argument. When the president offered to appoint him High Commissioner of Germany, Byrnes turned it down, stating that he could be of more value in helping to secure the ratification of the United Nations treaty.⁵¹

In early October the director accompanied General Marshall on a tour of SHAEF (Supreme Headquarters, Allied Expeditionary Forces) in France. Aboard the presidential plane, the Sacred Cow, they flew nonstop from Newfoundland to Paris, the first such flight since Lindbergh. At the

Paris airstrip, they were met by Generals D. D. Eisenhower, Omar Bradley, and Bedell Smith. Byrnes studied the ship unloading difficulties at the Cherbourg docks and other transportation morasses. He also visited army headquarters and saw firsthand that the army still required enormous quantities of supplies and more manpower. The war, he realized, would not end in 1944.⁵²

After his return, Byrnes delivered a speech on October 30 in support of the Roosevelt-Truman ticket.⁵³ The next month he consented to remain at his position until the defeat of Germany. By now he was the director of the Office of War Mobilization and Reconversion. While presiding over the final production surge, Byrnes had to settle the controversies arising from reconversion policies.

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¹"Washington Trends," Newsweek, June 7, 1943, p. 16; New York World-Telegram, June 9, 11, 1943.

²Cox Diary, June 4, 1943, "May-June 1943," Box 146, Cox Papers; Roosevelt to Byrnes, June 17, 1943, "War Food Administration," PSF 190, FDRL.

³Byrnes to Roosevelt, June 19, 28, 1943, 68 (3), Byrnes Papers; Byrnes to Roosevelt, June 25, 1943, "War Food Administration," PSF 190, FDRL; Marvin Jones, Marvin Jones Memoirs, ed. by Joseph M. Ray (El Paso, 1973), pp. 157-58; PPA, 1943, pp. 272-75; "Davis Out, Jones In," New Republic, July 12, 1943, pp. 36-37.

⁴Oscar Cox to Byrnes, June 22, 1943, "Byrnes, James F.," Box 79, Cox Papers; Walter Brown to Byrnes, June 18, 1943, "Reports," Box 143C, RG 250; New York Times, June 28, 1943; Drew Pearson, "Washington Merry-Go-Round," Washington Post, July 3, 1943; PPA, 1943, pp. 278-88; Byrnes to Grace Tully, July 3, 1943, "1942-43," Box 1, OF 5330, FDRL.

⁵Wall Street Journal, July 23, 1943; Washington Post, July 26, 1943; Byrnes to Roosevelt, September 1, 1943, "June-Dec. 1943," OF 327, FDRL.

⁶Christian Science Monitor, September 18, 1943; Smith Diary, October 20, 1943, Smith Papers.

⁷PPA, 1943, pp. 466-97.

⁸Wall Street Journal, November 10, 1943; "Subsidies or Chaos," Nation, November 13, 1943, p. 544; T. R. B., "Washington Notes," New Republic, November 22, 1943, p. 716; Washington Post, November 28, 30, December 10, 1943; New York World-Telegram, December 8, 1943; New York Times, December 9, 1943; Oscar Cox to Byrnes, December 8, 1943, "Byrnes, James F.," Box 79, Cox Papers, Byrnes to Roosevelt, January 26, 1944, 69 (1), Byrnes Papers.

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⁹Byrnes to Roosevelt, August 30, 1944, Roosevelt to Byrnes, September 1, 1944, 615 (1), Byrnes Papers; New York Times, September 7, 8, 1944.

¹⁰Philip Murray to Roosevelt, July 20, 1943, Box 3, OF 98, FDRL; Washington Post, July 23, 29, 1943.

¹¹Seidman, American Labor, pp. 123-24.

¹²Washington Post, June 17, 1944; Philip Murray to Byrnes, July 7, 1944, "Stabilization 3--Wages," Box 136, RG 250; "The Shape of Things," Nation, September 23, 1944, p. 339.

¹³Byrnes, Lifetime, p. 163; Marvin Jones to Byrnes, September 10, 1943, attached to Byrnes to Samuel Rosenman, September 11, 1943, "Food," Box 8, Rosenman Papers; Byrnes to Roosevelt, December 16, 1943, 64, Byrnes Papers.

¹⁴Blum, V Was, pp. 234-44; "The Score on Congress," New Republic, August 2, 1943, pp. 156-57; T. R. B., "Washington Notes," New Republic, August 23, 1943, p. 254, January 3, 1944, p. 21; George Soule, "Roosevelt in 1943," New Republic, September 6, 1943, pp. 325-27; Christian Science Monitor, September 28, 1943.

¹⁵Blum, V Was, pp. 250-51; PPA, 1944-45, pp. 53-60, 111-16; Roosevelt to Byrnes, September 8, 1943, 24, Byrnes to Roosevelt, October 1, 1943, 70 (1), January 26, 1944, 69 (1), Byrnes Papers.

¹⁶Burns, Roosevelt, pp. 448-50; Otis L. Graham, Jr., "The Democratic Party, 1932-1945," in History of U. S. Political Parties, ed. by Arthur M. Schlesinger, Jr., Vol. III (New York, 1973), pp. 1953-63.

¹⁷Rosenman, Working With Roosevelt, pp. 438-49; Leon Friedman, "Election of 1944," in History of American Presidential Elections, 1789-1968, ed. by Arthur M. Schlesinger, Jr. and Fred L. Israel, Vol. IV (New York,

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1971), p. 3028; Donald Young, American Roulette: The History and Dilemma of the Vice Presidency (New York, 1974), pp. 198-209.

¹⁸Friedman, "Election 1944," pp. 3023-24; Schapsmeier and Schapsmeier, Prophet in Politics, pp. 100-02.

¹⁹Washington Post, July 2, 6, 12, 1944; New York Times, July 13, 1944; Christian Science Monitor, July 12, 1944; T. R. B., "Washington Notes," New Republic, May 8, 1944, p. 628, July 3, 1944, p. 15, July 17, 1944, p. 76; Ickes Diary, June 18, 1944, Ickes Papers; Rosenman, Working With Roosevelt, p. 439.

²⁰Notes "V.P. 1944," 73 (1), Notes "The Vice Presidency--1944," August 1956 [?], Byrnes to C. T. Graydon, July 31, 1944, 74 (1), "Hague's statement of his conversation with Miss Tully," July 1944, 76, Byrnes Papers; GGT[ully] to FDR, July 11, 1944, "PSF: Politics," PSF 175, FDRL; Byrnes, Lifetime, pp. 219-21.

²¹"V.P. 1944," 73 (1), Byrnes Papers; Edward J. Flynn, You're the Boss (New York, 1947), pp. 180-81. In June Roosevelt told Governor Ellis Arnall of Georgia that the Catholic issue was serious and excluded Byrnes from consideration as a running mate. Ellis Gibbs Arnall, The Shore Dimly Seen (Philadelphia, 1946), p. 291.

²²Ickes Diary, July 9, 1944, Ickes Papers. When he referred to the area south of the Mason-Dixon line, Roosevelt meant the former Confederate states and did not include the border states.

²³"V.P. 1944," 73 (1), Byrnes Papers; Byrnes, Lifetime, p. 221.

²⁴Wallace, Price of Vision, p. 361; Ickes Diary, July 2, 9, 16, 1944, Ickes Papers. Cf. Rosenman, Working With Roosevelt, pp. 438-43.

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²⁵Ickes Diary, July 16, 1944, Ickes Papers.

²⁶Wallace, Price of Vision, pp. 362-63. The letter that Roosevelt wrote to Senator Samuel D. Jackson, the permanent chairman of the convention, will be hereafter referred to as the Wallace letter. It indicated Roosevelt's personal preference for Wallace, but stated he would not dictate this choice to the convention.

²⁷"Walter Brown Notes," sent to Byrnes by Walter Brown, September 29, 1955, 74 (2), Byrnes Papers.

²⁸Oral History Interview, George Allen, Appendix B, pp. 26-28, Harry S. Truman Library, Independence, Missouri [hereafter cited HSTL]; George E. Allen, Presidents Who Have Known Me (New York, 1950), pp. 127-29; Flynn, Boss, p. 181; Margaret Truman, Harry S. Truman (New York, 1973), pp. 172-73; Friedman, "Election 1944," p. 3025; Byrnes to Herman E. Bateman, not dated, 43 (2), Byrnes Papers; Rosenman, Working With Roosevelt, p. 447.

²⁹Byrnes to Herman E. Bateman, not dated, 43 (2), "V.P. 1944," 73 (1), "The Vice Presidency--1944," August 1956 [?], 74 (1), Byrnes Papers; Byrnes, Lifetime, pp. 221-22.

³⁰Wallace, Price of Vision, pp. 364-65; Ickes Diary, July 16, 1944, Ickes Papers.

³¹Wallace, Price of Vision, pp. 365-67.

³²Matthew Josephson, Sidney Hillman, Statesman of American Labor (Garden City, 1952), pp. 614-18; James Caldwell Foster, The Union Politic: The CIO Political Action Committee (Columbia, 1975), pp. 1-45; Ickes Diary, July 16, 1944, Ickes Papers.

³³Josephson, Hillman, pp. 617-18.

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³⁴"Walter Brown Notes," 74 (2), Byrnes Papers. Byrnes had earlier advised Roosevelt that if the Democratic platform eschewed a strong civil rights plank, the southern states would be "overwhelmingly for the ticket" and if the platform had a strong civil rights plank, there would be "serious trouble" in most southern states. J.F.B. to FDR, June 1, 1944, "PSF: Politics," PSF 175, FDRL. The author is indebted to Professor Steven F. Lawson of the University of South Florida for calling this citation to his attention.

³⁵"Walter Brown Notes," 74 (2), Byrnes Papers; Ickes Diary, July 16, 1944, Ickes Papers; Drew Pearson, "Washington Merry-Go-Round," Washington Post, July 28, 1944.

³⁶Byrnes, Lifetime, pp. 223-25.

³⁷Harry S. Truman, Memoirs, Vol. I: Year of Decisions (Garden City, 1955), pp. 190-93; Margaret Truman, Truman, p. 171; Merle Miller, Plain Speaking: An Oral Biography of Harry S. Truman (New York, 1974), p. 186; Oral History Interview, Judge Samuel I. Rosenman, p. 9, HSTL; Rosenman, Working With Roosevelt, pp. 446-47.

³⁸Byrnes, Lifetime, pp. 225-26; "V.P. 1944," 73 (1), Byrnes Papers; Washington Post, July 14, 1944.

³⁹Oral History Interview, Judge Marvin Jones, p. 43, HSTL; Ickes Diary, July 16, 1944, Ickes Papers; "V.P. 1944," 73 (1), "Walter Brown Notes," 74 (2), Byrnes to H. E. Bateman, not dated, 43 (2), Byrnes Papers; Byrnes, Lifetime, p. 226; Young, American Roulette, p. 221-22. For differing accounts of the Hannegan-Roosevelt meeting, see: Oral History Interview, George Allen, Appendix B, pp. 28-29, HSTL; Grace Tully, F.D.R., My Boss (New York, 1949), p. 276; Allen, Presidents, pp. 132-33; Cabell Phillips, The Truman Presidency: The History of a Triumphant Succession (Baltimore, 1966), p. 44; Rosenman, Working With Roosevelt, pp. 449-50. Mayor Kelly may have promoted Byrnes's candidacy in order to deadlock the convention, hoping to secure the nomination of Senator Scott Lucas of Illinois.

NOTES TO CHAPTER XI (continued)

⁴⁰Byrnes, Lifetime, pp. 226-27; Barkley, That Reminds Me, p. 190; "Walter Brown Notes," 74 (2), Byrnes Papers; New York Times, July 19, 1944.

⁴¹"V.P. 1944," 73 (1), "Walter Brown Notes," 74 (2), "Memorandum Of: Telephone Conversation with F.D.R. on Tuesday, July 18, 1944" (with attached summaries of conversations with Hannegan and Kelly), July 22, 1944, 74 (1), Byrnes Papers.

⁴²Wallace, Price of Vision, pp. 367-68; Byrnes, Lifetime, p. 228.

⁴³Flynn, Boss, p. 182; "Memorandum Of: Telephone Conversation with F.D.R. on Tuesday, July 18, 1944," July 22, 1944, 74 (1), Byrnes Papers; New York World-Telegram, July 15, 1944; Walter White, A Man Called White (New York, 1948), pp. 266-67. See: Robert A. Garson, The Democratic Party and the Politics of Sectionalism, 1941-1948 (Baton Rouge, 1974), pp. 65-68, 115-24.

⁴⁴"Walter Brown Notes," 74 (2), "Memorandum Of: Telephone Conversation with F.D.R. on Tuesday, July 18, 1944," July 22, 1944, 74 (1), Byrnes Papers; Friedman, "Election 1944," p. 3027; Wallace, Price of Vision, pp. 374-75.

⁴⁵"Walter Brown Notes," 74 (2), "V.P. 1944," 73 (1), "Memorandum Of: Telephone Conversation with F.D.R. on Tuesday, July 18, 1944," July 22, 1944, 74 (1), Byrnes Papers.

⁴⁶"Walter Brown Notes," 74 (2), "Memorandum Of: Telephone Conversation with F.D.R. on Tuesday, July 18, 1944," July 22, 1944, Press release of Byrnes to Burnet R. Maybank, July 19, 1944, 74 (1), Byrnes Papers; Interview with Mr. Walter Brown, July 9, 1975, Spartanburg, South Carolina.

NOTES TO CHAPTER XI (continued)

⁴⁷ Philips, Truman Presidency, pp. 44-47; Margaret Truman, Truman, pp. 175-82; Wallace, Price of Vision, pp. 368, 372; Josephson, Hillman, pp. 621-23; T. R. B., "Washington Notes," New Republic, July 31, 1944, p. 132. See: Bert Cochran, Harry Truman and the Crisis Presidency (New York, 1973), pp. 13-21.

⁴⁸ Byrnes, Lifetime, pp. 229-30; Oral History Interview, Judge Marvin Jones, pp. 43-44, HSTL; Foster, Union Politic, pp. 45-48.

⁴⁹ Arthur Krock, who first reported this order, wrote that Roosevelt directed Hannegan to "clear everything with Sidney," which had sinister connotations that the Republicans exploited during the campaign. Krock did not get this story from Byrnes. Mayor Ed Kelly told it to Turner Catledge who had Krock publish the account in order to protect his source. For the most part, the Krock story is an accurate summary of the events. New York Times, July 25, 1944; Turner Catledge, My Life and The TIMES (New York, 1971), pp. 147-48; Polenberg, War and Society, pp. 202-08.

⁵⁰ Ickes Diary, August 11, 1944, Ickes Papers.

⁵¹ Washington Post, August 2, 1944; Cox Diary, August 15, 20, 1944, "June 27-Aug. 1944," Box 149, Cox Papers; Ickes Diary, September 9, 1944, Ickes Papers; Roosevelt to Byrnes, September 7, 1944, Byrnes to Roosevelt, September 13, 1944, "James F. Byrnes," PSF 121, FDRL.

⁵² Byrnes, Lifetime, pp. 244-46; Pogue, Marshall, pp. 474-78; Byrnes to Roosevelt, September 30, 1944, "Endorsements," OF 5584-B, FDRL.

⁵³ Byrnes, Lifetime, pp. 231-32.

CHAPTER XII RECONVERSION

Throughout the war government officials recognized the necessity of planning for demobilization and reconversion. Most departments and agencies had small staffs studying for the transition from war to peace, but no one agency analyzed the entire reconversion process. In August 1943, Roosevelt and Byrnes sought to fill this void by having the OWM assume direction of the formulation of reconversion policy. The president had been forced into action by cabinet members' criticism of the confusion in programs for returning veterans.¹

Hoping not to propagate the notion that victory was close at hand, Byrnes endeavored to minimize publicity about demobilization planning. On October 11, 1943, he met with representatives of those agencies concerned with veterans and war workers, the human side of reconversion. Three days later he chaired a discussion about the disposition of surplus property, including plants owned or built by the government; Knox, Forrestal, Patterson, Baruch, Charles E. Wilson, Jesse Jones, Biddle, Rosenman, Hopkins, Donald Russell, and Ben Cohen participated. At

this stage of the war the director was more concerned with the disposal of surplus property and facilities than with reemployment and retraining programs because the military still needed more men.

Cognizant of the required synchronization of reconversion with war production and strategy, Byrnes at the president's behest drafted a statement announcing the creation of the War and Post-War Adjustment Unit within the OWM. That same day, October 15, Roosevelt issued this statement. With the advice of John M. Hancock, Byrnes set up this unit; on November 4, the director informed the press that Baruch, with assistance from Hancock, would head the adjustment unit. But the director made certain that Baruch knew who was responsible for deciding policy--namely, Byrnes himself. Baruch assembled an advisory committee comprised of businessmen--including Hancock of Lehman Brothers; Grenville T. Bridgman formerly of Guggenheim Brothers; George Harrison of New York Life; and Robert E. McConnell, a western mining millionaire--and government officials like Patterson, Forrestal, Jesse Jones, Nelson and Will Clayton.²

Byrnes requested each concerned agency to furnish the Baruch unit with their regulations for disposal of goods. Not every official appreciated Byrnes's supervision of

reconversion; Harold Smith protested the OWM incursion into what he thought was the exclusive domain of the Budget Bureau. Byrnes responded that his actions resulted from presidential orders and that if Smith did not like the OWM's role, he should consult the president. Donald Nelson expressed concern that the Baruch unit would reverse his plans for reconversion.³

From the agency responses Baruch and Byrnes determined that the most urgent problem was to devise a uniform procedure for the termination of contracts. Changes in war strategy had necessitated shifts in production programs. On November 12, 1943, Byrnes named Hancock to head the newly created Joint Contract Termination Board, which had representatives from the War, Navy, and Treasury departments, the Maritime Commission, the RFC, and the FEA. Subject to the approval of Baruch and Byrnes, this board devised guidelines to coordinate policy among the agencies. The OWM director and Hancock wanted to end contracts rapidly so that capital and facilities would be available for essential production. This would be no mean task as the government had let more than 350,000 contracts.⁴

In January 1944, the director promulgated the recommendations of the Joint Contract Termination Board. He

required that all fixed-price war contracts include a uniform termination clause. The clause stipulated full payment for all goods completed on the termination date and no payment for that portion of the contract for which no work had been started. It limited profits on those goods begun but not finished to 6 percent. Byrnes also informed Roosevelt that Baruch and Hancock would recommend the disposal of consumer goods by the Treasury Department, of defense plants by the Defense Plants Corporation, of raw materials by a new agency. The latter agency, Byrnes reasoned, should have a director who knew business; he suggested Will Clayton of the Commerce Department. An aide to Hancock on the Joint Board, Clayton would accept the position, Byrnes reported, if the president explained the situation to his wife, who would then allow Clayton to take the position.⁵

On February 15, 1944, Byrnes made public the Baruch-Hancock report. These advisers called for the creation within the OWM of a work director to supervise the integration of veterans and war workers into civilian employment. The OWM must manage reconversion policy because the production effort would falter if demobilization was not linked with procurement schedules. Speed, fairness, and uniform regulations, they advised, should characterize the

process of terminating contracts. They urged the advance planning of cutbacks, and once cancellations had been made, a special unit within the OWM, the surplus property administration, should deal with all aspects of surplus property disposal. The government, they deemed, should not operate any facilities that would compete with private enterprise. The administration should act to implement these recommendations until Congress enacted legislation setting reconversion policy.

Four days later Roosevelt signed an executive order creating the Surplus War Property Administration (SWPA) within the OWM. Byrnes, his staff, Clayton, and Hancock drafted the order, using the Baruch-Hancock report as their guide. The SWPA supervised the handling, transferring, and disposing of extraneous properties. Its administrator formulated regulations and issued directives to implement this order. He assigned surplus property for disposal in the following manner: consumer goods to the Treasury Department; capital and producers' goods, and plants and equipment to the RFC; ships to the Maritime Commission; food to the WFA; and goods stored abroad to the FEA.⁶

On February 21, 1944, Byrnes announced the appointments of Will Clayton as head of the SWPA and General

Frank T. Hines as administrator of the new reemployment and retraining unit within the OWM. Supposedly designated to integrate returning veterans and war workers into the civilian economy, this latter unit did little more than organize local information centers because other agencies had jurisdiction over veterans and war workers. The SWPA was more controversial; liberals deplored the appointment of Clayton, who was a former member of the American Liberty League, an ultraconservative group opposed to the New Deal. For the liberals, this appointment and the liquidation of all government-owned facilities--what the New Republic labeled as the Baruch-Hancock report's one serious flaw--presaged the continued big business domination of the economy because the government could have used the plants as "yardsticks" to end monopolistic practices of the giant corporations. The right wing of the administration, I. F. Stone surmised, had triumphed when Roosevelt agreed to implement the Baruch-Hancock report.⁷

Byrnes encouraged Congress to enact legislation providing statutory regulations for both contract terminations and disposal of surplus property. In July 1944, Congress responded with a law creating the Office of Contract Settlement within the OWM. Executing the policies of the Joint Board, it functioned almost completely

independent of Byrnes. This office successfully discharged its responsibilities. Clayton and the SWPA did not fare as well. In October 1944, after a long wrangle in the conference committee, Congress passed a bill creating the Surplus Property Board. Clayton resigned rather than work under the provisions of this law. A three-man board determined policy; disagreements slowed and confused the operations. In 1945, Congress returned control of the agency to a single administrator, but controversy surrounded the disposal of surplus property throughout the transition period. Byrnes wisely eschewed most connections with this aspect of reconversion.⁸

On April 12, 1944, speaking before the Academy of Political Sciences in New York City, Byrnes differentiated between reconversion and military cutbacks that resulted from the changing battlefield conditions. By canceling contracts for unneeded supplies, the urgent military programs, he contended, could then be accelerated. Both he and Nelson knew that the cutbacks had to be synchronized with the production programs. But the WPB chairman had been unable to devise a workable formula because of the schism within his agency. Wilson and the military, a portent of what would happen in the larger reconversion fight, wanted the Production Executive Committee (PEC) to

handle cutbacks; Nelson hoped to put this authority elsewhere in the WPB. Despite prodding from the OWM director, Nelson decided nothing.

In May the navy canceled its contract with the Brewster Aeronautical Corporation, giving only one week's notice. The workers threatened to stage a sit-down strike until more work was provided at the Brewster facilities. The ensuing national furor forced Nelson to acquiesce and allow Wilson to supervise cutbacks. Wilson established a PEC staff to act as a clearinghouse for cutbacks. In early June Byrnes directed the PEC to devise uniform policies for future cancellations. Ineffectual, the PEC staff was replaced by the Production Readjustment Committee and Current Production Adjustment Division, both of which remained in operation for the duration.⁹

Throughout 1944, feuds between Donald Nelson, and Charles Wilson, the military and the War Manpower Commission (WMC) ensnarled reconversion policy. Because of reductions in some army programs in late 1943, the WPB chairman initiated discussions about increasing civilian production in areas with cutbacks. Quite naturally, the military vehemently opposed the resumption of what they considered nonessential civilian production; Patterson, for example, feared that such a program would reduce war

production, would exacerbate manpower shortages, and should not be approved until after the Normandy invasion. The disagreements between Wilson and Nelson bordered on enmity; in 1944, they fought over deferments, cutbacks, and reconversion. These vituperative exchanges were not simply conflicts between civilian and military bureaucrats. The WMC and other civilian agencies, like the Petroleum Administration for War and the War Food Administration, objected to Nelson's projected reconversion plans. These agencies already claimed to be suffering from manpower and material shortages. The WMC and the military argued that labor was a "fluid resource" and that the unemployed of one area would move to another in order to work in a war industry--a dubious contention at best.¹⁰

In March 1944, Nelson promulgated the WPB policy for reconversion in a letter sent to Senator Francis Maloney of Connecticut. While the services still decided which contracts to cancel, the WPB would try to channel those cutbacks into critical labor areas. Acknowledging the preeminence of war production, Nelson explained that since the WPB's next most important responsibility was providing essential civilian goods, he intended to expand this category as the military reduced its procurement demands.

The WPB did not plan to hold back on sanctioning civilian production simply to protect the postwar competitive position of manufacturers with war contracts or those in critical labor areas. But Nelson emphasized that when controls were eased, the established companies in each industry would be allocated materials before "new" firms could be granted materials.

This policy statement set off skirmishes between Nelson and the Production Executive Committee, chaired by Wilson. The PEC, nominally under Nelson's control, was composed of representatives of the War and Navy departments, the WMC, and the Maritime Commission. After the invasion of France, the WPB chairman decided to issue the "administrative means" for reconversion. At the WPB meeting of June 13, Nelson proposed a program allowing the production of models for postwar consumer items and permitting the WPB regional offices to decide whether more civilian production was possible. Despite opposition from the military and WMC, Nelson publicized his plan on June 18. He authorized four specific steps: end restrictions on the use of aluminum and magnesium; allow any manufacturers to apply for authority to make and test a single model of any product planned for postwar production; permit any manufacturer to place unrated orders for

tools and machinery; and allow the WPB regional directors, after consultation with local WMC officials, to authorize local companies to produce civilian items no longer restricted, the so-called "spot authorization" order. These orders were to go into effect on July 1, 1944.

Nelson reaped a whirlwind of opposition. At the PEC meeting of June 28, the military and WMC strenuously objected to these plans. In the absence of Nelson, who was hospitalized with pneumonia, Wilson postponed the implementation of these orders until after the WPB meeting of July 4. During this meeting, the military voiced their familiar objections--that these orders transcended planning and would jeopardize production schedules. The army attributed production lags in several programs--such as heavy trucks, tires, and heavy artillery and ammunition--to manpower shortages; the Navy Department and the Maritime Commission bemoaned the lack of workers in the shipyards. McNutt argued that the Nelson orders would wreck the manpower program by obviating the workers' need to look for employment in war industries. Finally, the War and Navy departments informed Wilson that they intended to appeal to Byrnes before the orders went into effect.¹¹

Then Nelson returned to work; he notified his vice-chairmen that he still planned to implement the orders.

Despite the objections, Nelson maintained that the orders were integral parts of a balanced reconversion program. The WPB chairman proposed to put the orders into effect on staggered dates in July. The intensity of the opposition surprised him, and the military, Nelson accused, wanted to take over the civilian economy.

The opponents of this plan intensified their attack by including Byrnes. Admiral Leahy complained to Nelson and Byrnes that the orders could lengthen the war and would only exacerbate current production problems. McNutt reasoned that the proposed regulations would not ease manpower deficiencies in critical areas and that the new civilian production would siphon off workers who would have otherwise shifted to war industries. Both the military and WMC did not object to reconversion planning; they thought that it should not be implemented until V-E Day. For the most part, big business supported their approach to reconversion.

Undeterred, Nelson argued that the production lags resulted from the shortages of common laborers in a very few industries. The WPB, he claimed, had "no moral right" and "no legal authority" to maintain controls on materials no longer in short supply. In order to retain the workers in war industries, the WPB had to convince the nation that

the reconversion program would prevent any severe economic dislocation.¹²

After consulting with Nelson and scrutinizing the pertinent letters, Byrnes, on July 11, effected a compromise. He directed that the orders would be issued on staggered dates: on July 15, the orders relaxing the restrictions on the use of aluminum and magnesium; on July 22, an order permitting the making of experimental models for postwar production; on July 29, an order permitting manufacturers to place orders, without priority ratings, for machine tools and equipment; and on August 15, the spot authorization order would become operative. By delaying the spot order for one month, Byrnes gave the WMC time to tighten its controls on manpower. The press correctly interpreted this as a victory for Nelson's position.¹³

Alarmed by the Byrnes decision, the military released press statements and planted stories implying that serious production lags caused munition shortages at the fronts. The War Department listed as severely behind schedule the production of heavy trucks, heavy artillery and ammunition, and tires. But as Byrnes knew, manpower was only one reason why these programs were lagging. The heavy truck "shortage" resulted from the Army Service Forces

setting a production goal that could not possibly be reached. The heavy artillery problem grew out of battle-field experience; the WPB had not yet had time to gear for full production of these guns.

The OWM director, nonetheless, could not ignore the vociferous objections to Nelson's program. He had to intercede again, the press reported, because Somervell had divulged to him the extent of the production delays. So Byrnes met with the principals on August 1 and 3. The next day, August 4, appealing to the country to finish off the enemies while their "knees are buckling," Byrnes issued a directive "To Provide Adequate Manpower for Essential War Production." He established Area Production Urgency Committees and Area Manpower Priorities Committees for the entire country, including all group 3 and 4 labor areas (regions with either a balanced or surplus labor supply). The local APUC now had administrative responsibility for spot authorizations, but the APUC could not approve any spot authorizations without the local WMC representative's approbation. The WMC representative had to certify that new civilian production would not interfere with local and interregional labor recruitment.

Warning that the exodus of workers from war plants might prolong the fighting, Byrnes also authorized the

local AMPC to place employment ceilings on nonessential industries in labor tight areas, an extension of the West Coast manpower plan. In order to enforce these ceilings, he directed the WPB to withhold fuel, power, and materials from employers violating the WMC sanctions. In effect, he gave the WMC a veto over Nelson's reconversion program. The OWM director justified this policy change by citing the revised production schedules, and he noted that the transfer of 200,000 workers would end the critical manpower shortage.¹⁴

The August 4 directive could not heal the irreparable schism within the WPB. Accusations, denials, and counter-charges filled the newspapers; Nelson and Wilson rarely spoke. Roosevelt decided to dispatch Nelson on a mission to China; Byrnes conveyed this offer to the WPB chairman, who accepted it. In middle August the president announced Nelson's trip. Roosevelt had gotten rid of Nelson, gossip had it, in order to make Wilson the WPB chairman. On August 21, the White House issued a statement refuting these rumors and stating that Nelson would remain chairman after his return. Three days later Wilson resigned and bitterly denounced Nelson's aides for depicting him, Wilson, as a protector of big business. When Nelson returned from his trip to China, he also resigned.

Roosevelt named Julius Krug, a former WPB vice-chairman, as Nelson's replacement.¹⁵

This controversy illustrated the coalescent interests of the military and big business. As in other aspects of American life, the way that the war production effort was managed dictated the economic system for the next decades. During the war an informal working relationship had grown up between the big businessmen, who were dollar-a-year men in executive agencies or officers in the procurement services, and the professional soldiers. The procurement officers developed intimate nexuses with and let a lion's share of the contracts to the giant corporations, which had the capital, facilities, production experience, and lobbyists to produce the goods. The manner in which the military had allocated contracts, materials, and priorities accelerated the growth of large economic units. This meant, for example, that the top 100 companies, which had provided 30 percent of the nation's manufacturing output in 1940, accounted for 70 percent of the output by March 1943.

The military demonstrated little concern for civilian considerations during and after the war. As with many other issues the military and big business favored postponing the resumption of civilian production. The military did this because of miscalculations in production

schedules, strategic dictates, and the need to boost troop morale. Big business, still turning out war goods, wanted all civilian production to start at one time, the so-called "Cherokee Strip" plan; their size would insure them a large share of the market.¹⁶

On September 7, the OWM director sent to the president a report on the status of reconversion planning. Even though the military had authorized \$18 billion in contract cancellations, most of the facilities and manpower so released, Byrnes argued, would be needed for war production. Once Germany surrendered, he predicted that the procurement programs would be reduced by 40 percent. He was then supervising a review of the cancellation process so that the government would be prepared. The War Department, for example, would have to assign 25,000 employees to administer contract terminations.

After V-E Day the WPB would end the Controlled Materials Plan and substitute a new series of preference ratings for materials needed in essential production. Thus, Byrnes wanted the government to free the manufacturers to resume civilian production as rapidly as possible. In order to stimulate civilian production and employment, the OWM director had appointed a committee to ascertain whether all contractors using government-

owned plants intended to buy or lease the facility after the war. If not, then the committee sought a buyer.

Because some unemployment was unavoidable, the federal government, Byrnes recommended, should guarantee minimum unemployment compensation benefits. These payments would be the primary means to avoid a loss of purchasing power until the transition had been completed. The director proposed a return to the forty-hour week, except for those workers in war plants who would still work forty-eight hours a week, an incentive to stay in the war industries.

While terminating material and manpower controls, Byrnes advocated that the OPA establish general ceilings for goods not produced during the war at a fixed percentage above the prices charged before production was curtailed. As other incentives Byrnes recommended changes in the tax laws: revoking the excess profits tax after V-J Day and allowing manufacturers to depreciate substantially new machinery in the year that the machinery was purchased. This provision, he hoped, would encourage industry to adopt new technology.¹⁷

Byrnes hoped his report would inspire businessmen's confidence in reconversion planning. His modest recommendations reflected political reality; Congress would not

pass any measures requiring extensive social planning. Furthermore, the emphasis on full employment, an important campaign issue, and on the rapid removal of economic controls indirectly answered Republican charges that the reelection of Roosevelt would mean continuation of economic regimentation.¹⁸

Since 1943, Congress had been examining the entire demobilization process, ranging from the human aspects to the removal of economic controls. Each house had established a special committee for this purpose--the so-called George committee named for its chairman, Senator Walter George of Georgia, and the Colmer committee, for Representative William Colmer of Mississippi. Memories of the post-World War I economic collapse and a collective determination on the part of the legislators to reassert their responsibility for supervising national affairs resulted in the drafting of legislation to set and manage reconversion policies. The heat of the 1944 presidential campaign exacerbated the already highly charged issues involved in the human side of reconversion. The legislators had to debate what, if any, benefits to provide war workers, federal employees, and returning veterans.

By spring 1944, Byrnes had decided that he did not want to supervise the demobilization-reconversion pro-

cess, which, he thought, would last two years after the end of the war. Nevertheless, he participated in the shaping of the legislation that eventually resulted in the creation of the Office of War Mobilization and Reconversion. In June the OWM director advised that instead of waiting for the dawdling legislators to pass a bill, Roosevelt should dissolve the OWM and transfer its functions to WPB, where he could also lodge the reconversion responsibility. The OWM was no longer necessary, Byrnes reasoned, because the war was nearly over and because there were fewer interagency controversies. Byrnes probably hoped to prod Roosevelt into taking some action on reconversion. The OWM director had already complained to the press about the dilatoriness of Congress and the WPB to implement the recommendations in the Baruch-Hancock report.¹⁹

On June 12, testifying before the war contracts subcommittee of the Senate Military Affairs Committee, Byrnes requested Congress to take action on reconversion before recessing for the political conventions. Besides supporting the Baruch-Hancock report and endorsing in general the Murray-George bill, the OWM director specifically recommended that the federal government should guarantee unemployment compensation of twenty dollars per

week for twenty-six weeks by subsidizing states with benefits below these minima.²⁰ Congress recessed without taking any action on demobilization policy.

In early August Byrnes met with Doughton, Colmer, George, and Rayburn to discuss the reconversion bill. Later that month the Senate passed the George bill which would create an office of war mobilization and reconversion and provide for the human side of reconversion. The bill only stipulated that the federal government would guarantee the solvency of each state's unemployment funds without establishing any minimum benefit levels. Unsatisfied, Byrnes again asked for twenty dollars per week for twenty-six weeks when he testified before the House Ways and Means Committee. The House was even less receptive.²¹

In September Congress passed a bill creating the Office of War Mobilization and Reconversion (OWMR). Perhaps the broadest delegation of authority ever granted an executive agency, this law was modeled upon the OWM experience: the OWMR was not an operating agency. Congress empowered the OWMR director to coordinate war mobilization, to formulate reconversion plans, to direct executive agencies and departments to carry out such plans, to decide all controversies among agencies in development and administration of such plans, to determine

the fate of war agencies, to relax and remove emergency war controls, to study and suggest changes in manpower policies, and to submit quarterly reports to the president and Congress. Like the OWM, the new agency was the top coordinating unit of the executive branch and was housed in the White House. Even though the president and Byrnes were not particularly pleased with this legislation, Roosevelt signed the bill into law on October 3, 1944.²²

The passage of this bill ended the unique OWM experience. No other man, except for the presidents, ever had such institutionalized responsibility and authority for the home front. Byrnes supervised the major domestic activities: from military and civilian production programs to the wage rates of railway workers to the reorganization of the executive branch. The plethora of issues that Byrnes handled demonstrated the need for a top-level unit for policy and program determination. From May 1943 to October 1944, the OWM filled the vacuum well.

For most of this period Byrnes functioned harmoniously with Roosevelt and his other advisers. The OWM director enhanced the administration's relations, which were never very good during the war, with a recalcitrant Congress. He lifted much of the administrative weight from the president and resolved controversies and then

enforced his decisions. Byrnes served as chief of staff for the home front and would continue to do so in his new position.

Problems still remained with this administrative mechanism. Byrnes did not extend the OWM as much as possible into the area of national planning, but then he and Roosevelt never intended to do so. The OWM had so many controversies to settle, arising from both Roosevelt's administrative proclivities and the nature of American political life, that Byrnes and the administration did not deal with the pressing social problems. Disruption caused by heavy internal migration; breakup of the family unit; housing, transportation, and urban ills; and racial unrest were largely ignored by the administration. Congress even rejected Byrnes's modest request for federal standards for unemployment benefits. These problems did not go away, and the nation had to confront them later.

NOTES TO CHAPTER XII

¹Oscar Cox Diary, June 8, 1943, "May, June 1943," Box 147, Cox to Byrnes, June 8, 1943, "War Materials--Disposition of Surplus Property," Box 68, Cox to Byrnes, June 8, 1943, "Byrnes (43)," Box 79, Cox Papers; Roosevelt to Byrnes, August 13, 1943, "1942-43," Box 15, OF 172b, FDRL; Byrnes to Harold Smith, November 8, 1943, 71 (2), Byrnes Papers.

²Washington Post, October 9, 1943; Stimson Diary, October 12, 1943, Stimson Papers; Ickes Diary, October 18, 1943, Ickes Papers; Ben Cohen to Byrnes, October 13, 1943, 169, Memorandum of reconversion meeting of October 1943 by Byrnes, not dated, 615 (1), Byrnes to Harold Smith, November 8, 1943, 71 (2), Byrnes Papers; New York Times, October 16, 1943; PPA, 1943, pp. 236-37, 432-33; Somers, OWMR, pp. 174-76; Bernard Baruch to Byrnes, two memoranda, November 4, 1943, Byrnes to Baruch, November 5, 1943, "Post War and War Adjustment 1," Box 3, RG 250; Wall Street Journal, November 20, 1943.

³Harold Smith Diary, October 20, November 2, 4, 1943, Smith to Byrnes, November 5, 1943, "White House Memoranda, 1943," Box 1, Smith Papers; Byrnes to Smith, November 8, 1943, 71 (2), Byrnes Papers; "Washington Trends," Newsweek, November 22, 1943, p. 18.

⁴Washington Post, November 7, 1943; PPA, 1943, pp. 236-37; Byrnes to Grace [Tully], November 15, 1943, "1942-43," Box 1, OF 5330, FDRL; Budget, United States at War, pp. 473-75.

⁵New York Times, January 9, 1944; Byrnes to Roosevelt, January 17, 20, 1944, "Postwar and War Adjustment 5," Box 128, RG 250; Byrnes to Roosevelt, January 26, 1944, 69 (1), Byrnes Papers.

⁶Somers, OWMR, pp. 176-78; PPA, 1944-1945, pp. 77-79; Byrnes to Roosevelt, February 19, 1944, "Postwar and War Adjustment 8," Box 129, RG 250.

NOTES TO CHAPTER XII (continued)

⁷New York Times, February 22, 1944; Budget, United States at War, p. 470; Notes of meeting between Leon Henderson and Francis Biddle, February 24, 1944, "Diary Notes and Memos to Himself," Box 36, Henderson Papers; "The Baruch Plan," "Baruch Report (Cont'd)," New Republic, February 28, 1944, pp. 263-64, March 6, 1944, p. 304; I. F. Stone, "Millionaires' Beveridge Plan," Nation, March 25, 1944, pp. 354-55; Roosevelt to Byrnes, March 3, 1944, "Byrnes, James F.," PSF Box 147, FDRL.

⁸Washington Post, June 13, 1944; Somers, OWMR, pp. 180-81; Byrnes to Roosevelt, August 29, 1944, John "Jack" Cochran to Byrnes, September 8, 1944, W. L. Clayton to Byrnes, September 14, 1944, "Postwar and War Adjustment 8," Box 129, RG 250.

⁹Somers, OWMR, pp. 196-200; New York Times, June 1, 13, 1944.

¹⁰New York World-Telegram, December 11, 1943; Stimson Diary, March 27, 1944, Stimson Papers; Robert Patterson to Generals Lucius Clay and O. P. Echols, December 19, 1943, Patterson to Donald Nelson, February 27, 1944, "War Production Board #3," Box 186, Patterson Papers; Somers, OWMR, pp. 181-84; CPA, Industrial Mobilization for War, pp. 789-91.

¹¹CPA, Industrial Mobilization for War, pp. 795-806; Somers, OWMR, pp. 181-88.

¹²Donald Nelson to Vice-Chairmen of WPB, July 7, 1944, "Postwar and War Adjustment," Box 127, RG 250; "Telephone conversation with Leahy," July 8, 1944, Donald Nelson to Admiral William Leahy, July 10, 1944, Paul McNutt to Charles E. Wilson, July 10, 1944, 75, Byrnes Papers; New York World-Telegram, July 10, 1944. See: Catton, War Lords, pp. 243-67; Nelson, Arsenal For Democracy, pp. 400-10.

¹³CPA, Industrial Mobilization for War, p. 806; New York World-Telegram, July 12, 1944; "The Shape of Things," Nation, July 22, 1944, pp. 87-88.

NOTES TO CHAPTER XII (continued)

¹⁴ Somers, OWMR, pp. 156-57, 190; CPA, Industrial Mobilization for War, pp. 806-08; James Forrestal to Byrnes, July 31, 1944, 75, Byrnes Papers; Washington Post, August 4, 5, 1944; New York Times, August 5, 1944; "Ceiling on Jobs," Newsweek, August 14, 1944, p. 68.

¹⁵ Byrnes, Lifetime, pp. 242-43; CPA, Industrial Mobilization for War, pp. 740-41; Harry Hopkins to Roosevelt, September 27, 1944, "War Production Board," PSF Box 192, FDRL; "Nelson, Wilson and Krug," New Republic, September 4, 1944, p. 265.

¹⁶ See: Blum, V Was, Chapter 4; I. F. Stone, "Nelson vs. Wilson," Nation, September 2, 1944, pp. 259-60.

¹⁷ James F. Byrnes, "Reconversion, A Report to the President," "1944," Box 15, OF 172b, FDRL.

¹⁸ Washington Post, September 11, 1944; Helen Fuller, "The Byrnes Plan," New Republic, September 25, 1944, pp. 364-66.

¹⁹ Byrnes to Ben E. Geer, April 24, 1944, 146, Byrnes Papers; Byrnes to Roosevelt, June 10, 1944, "Ex Off: Byrnes," PSF Box 147, FDRL; New York Times, June 8, 1944.

²⁰ Washington Post, June 13, 1944; "The Demobilization Fight," New Republic, June 26, 1944, p. 833; Helen Fuller, "Reconversion: People or Property," New Republic, August 21, 1944, pp. 211-12.

²¹ New York Times, August 3, 17, 1944; Byrnes to Roosevelt, August 17, 1944, Box 6, OF 4351, FDRL; Young, Congressional Politics, pp. 207-11.

²² War Mobilization and Reconversion Act of 1944, Statutes at Large, LVIII, pp. 785-92; Somers, OWMR, pp. 78-80.

CHAPTER XIII THE OWMR, RESIGNATION, AND CONCLUSION

On October 3, 1944, Roosevelt announced that Byrnes had consented to serve as the director of the Office of War Mobilization and Reconversion (OWMR) until Congress reconvened. Then the president would submit the name of Byrnes's successor to the Senate for confirmation. By Executive Order 9488 Roosevelt transferred the entire staff and functions of the OWM to the new OWMR. Byrnes had planned to remain director only for about a month. In middle November the president announced that Byrnes had agreed to stay on until the German surrender. He was, Roosevelt told the press, the best man for the job. In general the media appreciated Byrnes's sacrifice. The press surmised that his October trip to France convinced him of the severity of the situation. Baruch, Roosevelt, and others assiduously applied pressure and persuasion which finally convinced Byrnes to remain in government. This decision to stay on as OWMR director meant a continuity in the control of the mobilization effort. On November 16, the Senate unanimously approved his nomination as OWMR director.¹

Now that he had decided to remain as director, Byrnes moved to restructure the OWMR. German resistance and production problems compelled him to supervise more closely production schedules, manpower troubles, and re-conversion policies. On December 6, Byrnes announced substantial additions to his staff in order to expedite war production and the delivery of materiel to the fronts. He requested and received permission from the War Department to appoint Major General Lucius D. Clay of the ASF as deputy director of the OWMR. Clay had administrative responsibility for the entire staff--except for those people who had served Byrnes for most of the war: Donald Russell, Ben Cohen, Walter Brown, and Fred Searls--and he acted as supervisor and coordinator for the renewed production drive. Byrnes also named J. B. Hutson, president of the Commodity Credit Corporation, as deputy director for agriculture; William Haber of the WMC as head of Manpower Liaison and Coordination; Fred Searls as head of Production Liaison and Coordination; Joseph Livingston as press officer; and Thomas C. Blaisdell of the WPB as planning chief. This extensive reorganization adumbrated a more vigorous execution of Byrnes's authority.²

The proponents of reconversion production had assumed that the war would end in 1944. Byrnes's whirlwind trip

to Europe convinced him that there remained more months of fierce fighting and large production schedules. On October 31, he met with various government officials, seeking to alleviate manpower deficiencies. The War and Navy departments demanded suspension of spot authorizations and tightening of limitation orders on the production of civilian items. The military, in effect, wanted Byrnes to recertify that their production schedules had priority over all other goods. After considering the arguments, Byrnes, on November 16, decided to hold in abeyance such drastic measures as suspension of spot authorizations. He instructed the WMC to direct its regional officials to prohibit the authorization of spot orders in any area where war production was behind schedule and where the labor to be used in civilian production was needed by war plants. But the OWMR director promised to take all necessary steps if the manpower deficiencies were not resolved.³

Undersecretary Patterson labeled this decision "a disappointment" and complained that the production effort had yet to recover from the setbacks caused by the re-conversion controversy of that summer. The "temptation" to pursue civilian production, he warned, was so strong and pervasive that only the firmest controls would insure

adequate military production. Other military spokesmen claimed that reconversion contributed to a "slackening" of the war effort. Confronted with such charges, Byrnes held more meetings.

On December 1, the concerned agencies--the WPB, War and Navy departments, and the WMC--issued a statement re-emphasizing the preeminence of military production. This statement also suspended spot authorizations in group 1 labor areas, regions of critical shortages, for ninety days. Furthermore, in a stricter application of Byrnes's August 4 directive, the WMC reduced employment ceilings in those areas with lagging war production and where the requisite labor was available but working in nonessential industries. If the local APUC and AMPC so recommended, the WPB would enforce the ceilings by withholding materials from offending employers. In January the WPB ended spot authorizations in group 2 labor areas, regions with imminent shortages. Before the German counter-offensive of December the military greatly exaggerated the seriousness of the production lags. Most of the production problems emanated from faulty military planning of required procurement programs.⁴

On the first of the new year Byrnes reported to the president and Congress that the reconversion steps of 1944

had been premature and that the future resumption of civilian production would be delayed until V-E Day. In effect, this ended the controversial aspects of reconversion policy. Nevertheless, Byrnes and his staff continued planning for the transition period. On January 20, 1945, for example, the OWMR director issued his policy statement on the cancellation of military contracts. He ordered the WPB to integrate cutbacks with war production in such a manner as to insure that the most efficient facilities always had contracts. The Production Readjustment Committee of the WPB established new cancellation procedures in accordance with this policy. Furthermore, Byrnes had directed Vinson, Chester Bowles of the OPA, and Krug of the WPB to examine the relationship between WPB controls and OPA price ceilings. They reported back that some controls during the transition period would be necessary to prevent inflation. Similarly, Byrnes requested Vinson to study how extended social security benefits would increase consumer demands.⁵

With the sharp increase in production schedules following the Battle of the Bulge, reconversion remained dormant. Manpower and productive facilities were again in full use. Following V-E Day the WPB removed 130 orders prohibiting civilian production. After V-J Day the WMC

ended all manpower controls. By the end of 1945, only a few controls remained in effect. The government removed these controls because of the prevalent belief that the public had had enough regimentation and that consumer demand would spark civilian production. The plan that Nelson had sponsored would not have materially changed this outcome. Byrnes had more sympathy for the military position than did Nelson; but big business, with firm support from the military and conservatives in Congress, had controlled war production and had the power to control reconversion. Byrnes moderated the demands of both sides. He knew the military's part in the production lags; after the German counteroffensive Byrnes had to stop the resumption of civilian production.⁶

In thwarting the aspirations of the reconversion proponents, the military and the WMC had pointed to manpower deficiencies as the prime retardant of the production effort. As OWM director, Byrnes had had to supervise manpower, and he continued to do so as head of the OWMR. On December 9, Byrnes ordered the Selective Service to induct men, twenty-six to thirty-seven years old, who were not engaged in an essential activity or who left an essential job in the future. These new inductees would serve as replacements for those men released by the mili-

tary for work in war industries. The OWMR director intended the order to reduce the turnover rate and stop the aimless shifting from job to job. Furthermore, he issued this "work or fight" order because of the concern that the induction of only men under twenty-six would allow older men to leave war work and would hinder efforts to force men into essential jobs.

Byrnes had widespread support from the media; such diverse publications as the Christian Science Monitor, the New York World-Telegram, and the Nation applauded the "work or fight" order. The Associated Press reasoned that Byrnes now had assumed full policy control over the home front. OWMR spokesmen reinforced this interpretation; Byrnes, they told the press, would henceforth take active direction of the production, manpower, and economic phases of the war effort.⁷

The "work or fight" order required certain modifications in the armed forces' induction policies. Byrnes requested Stimson to make the necessary changes. Because the OWMR director required the Selective Service to induct those men under thirty-eight years of age who left an essential job or were working in a nonessential industry, the army had to accept men too old or below their minimum physical standards. The army offered these men a choice

of working at an essential job as a member of the enlisted reserve or remaining on active duty and being assigned to a work battalion. While only about 45,000 were so inducted, the "work or fight" order had a broader impact; the threat of induction kept many men on the job. A few days before Christmas 1944, Byrnes informed Roosevelt that the order had "already shown excellent results in bringing about the transfer of men to war industries."⁸

Byrnes and William Haber, his manpower adviser, sought ways that would dramatize the seriousness of the production drive and that would shift more workers to war plants. They decided to impose further restrictions on the civilian population. During the cabinet meeting of December 22, the OWMR director strongly advised that the government shut down all race tracks to ease the manpower deficiencies and to buoy up morale. The next day Byrnes announced that after January 3, 1945, all race tracks would be closed in order to save labor, gasoline, and tires, and to reduce absentee man-hours caused by visits to the tracks. The director also asked General Hershey to review the draft deferments of all professional athletes who were classified IV-F, physically unfit for service. The press praised Byrnes's concerted efforts to

secure labor for the critical production programs that were behind schedule. The military situation and production bottlenecks compelled Byrnes to take action to prevent "smug complacency" on the part of the civilians from prolonging the war.⁹ This ban inaugurated a series of restrictions on the home front during 1945.

On New Year's Day Byrnes held a press conference and issued his first report as OWMR director. Admitting the inadequacy of the government's authority over manpower, he asked Congress for legislation to allow the Selective Service to draft IV-Fs who refused to work in war industry, to authorize the WLB to enforce its orders by seizing property, and to increase unemployment benefits for the transition period. Still favoring national service legislation, Byrnes lamented the fact that Congress had failed to enact such legislation. Acknowledging that the reconversion production of 1944 had been premature, the OWMR director, nevertheless, advocated special financial assistance so that small businesses could be reestablished following the end of the war.¹⁰

In the first two months of the new year, Byrnes utilized two basic strategies to ease the manpower shortage. He manipulated draft deferments and imposed dramatic restrictions on civilian life. At the same time,

he lobbied Congress for passage of a modified version of national service legislation. By now the Selective Service had virtually exhausted the supply of single men under twenty-six years of age--except the more than 350,000 men with agricultural deferments. Krug of the WPB had advised Byrnes that the men with occupation deferments in the next age bracket, twenty-six to thirty, most of whom were also married, were essential to the production efforts. The Tydings amendment, Byrnes ruled, had not granted farm workers absolute exemption from the draft. So, on January 2, 1945, the director ordered General Hershey to reclassify those farmhands under twenty-six who did not fall strictly within the provisions of the Tydings amendment. Hershey directed the local draft boards to reexamine the deferred farm workers, but his own ambivalence, the open hostility of the farm bloc, and the dilatory tactics of local boards vitiated this attempt to winnow out extraneous farmhands.¹¹

Byrnes tried other approaches to force men into war jobs. On January 6, the army lowered its physical standards so that it could induct men who refused to comply with Byrnes's "work or fight" order. The regulation modification did not reach down to include all four million men classified IV-F. Worried about the indiscrim-

inate induction of men, twenty-six to twenty-nine, who worked in war jobs, Byrnes initiated a series of discussions with the concerned agencies. The director had the WMC revise its list of essential activities; Byrnes then developed a five-point program to control the withdrawal of men in this age group. The hierarchy of induction order ranged from registrants who were not engaged in an enumerated job, the first to be drafted, to those engaged in important jobs in critical activities, the last to be inducted. Byrnes hoped that this would ease the impact of the induction of 200,000 men in this age group who were employed in war jobs. The concerned agencies found this program unworkable. So Byrnes revived the Inter-Agency Committee for Occupational Deferment. Each of the fifteen agencies had a quota of deferments to protect workers under the age of thirty that each agency deemed most essential. This program continued until V-E Day.¹²

On January 6, in his state of the union message Roosevelt requested the enactment of a national service bill. Such a bill, the president argued, would insure efficient utilization of manpower resources, boost morale of the fighting men, and quash any notion that the enemy had of Americans' halfheartedness. Until Congress so

acted, the president asked for legislation allowing the government to use in any manner necessary the four million men classified IV-F. Following Roosevelt's request for national service legislation, Byrnes met often with Stimson, Patterson, Forrestal, and Ralph Bard of the Navy Department. The OWMR director persuaded them to support the so-called May-Bailey bill proposing a modified version of national service. Stimson, who had only limited political sagacity, finally agreed to support this bill, but only after the director explained that Congress would not enact a universal service bill. The May-Bailey bill provided that all registrants, eighteen to forty-five, who were working in an essential job could be "frozen" in their current position. For those not engaged in essential work, mostly IV-Fs, the Selective Service would assign them to essential work. The registrants who refused to abide by these conditions would be drafted into the army and would be placed in special work corps. Evidently Byrnes helped to shape this bill. The administration had to blitz Congress because the German counter-offensive had been slowed.

On January 16, Roosevelt held a strategy session with Byrnes, General Marshall, Admiral Ernest J. King, and leaders of the House and Senate Military Affairs

committees. Byrnes spoke of the need for compulsory regulations to ease the manpower crisis. Representative Andrew May of Kentucky, chairman of the House Military Affairs Committee and sponsor of the bill, maintained that the administration would have to make a concerted effort because of the opposition of organized labor and such business groups as the National Association of Manufacturers. Indeed, Labor, the publication of the railroad brotherhoods, assailed Byrnes's advocacy of national service legislation and characterized him as "'a bull in a china shop.'" The OWMR director drafted a public letter that Roosevelt sent to May the next day, January 17. In this letter, Roosevelt emphasized that the war required the total mobilization of the civilian population and urged Congress to pass the May-Bailey bill.¹³

During the House committee hearings, War Department officials objected to the induction of violators into military work battalions. The committee substituted criminal penalties: fines, prison sentences, or both. The committee favorably reported the bill on January 24. But on the previous morning, a clear, crisp Tuesday, Roosevelt, Byrnes, Leahy, Ed Flynn, and others boarded the USS Quincy at Newport News, Virginia. The OWMR director

had reluctantly acceded to Roosevelt's entreaties to accompany him to the Yalta conference; Byrnes did not want to depart in the middle of the push to secure the May-Bailey bill. Despite his misgivings, Byrnes sailed with the president to Malta and then flew to Saki in the Crimea. The president invited Byrnes ostensibly to act as a production and home front expert, but he wanted the director to explain the Yalta agreement to the Senate. Byrnes was a good choice. Since his disappointment at the Chicago convention, he had maintained an autonomous position with regard to Roosevelt. Congress knew the director was not a presidential yes-man.¹⁴

While Byrnes watched and advised Roosevelt in the sessions at Yalta, what he and others had feared would happen happened: the War Department and the WMC feuded over the provisions of the May-Bailey bill. The House easily passed the bill on February 1. The Washington Post, for example, reproached Byrnes for leaving then because only he, the "president of the home front," could wield the bureaucratic machinery in support of the bill. Before leaving the capital, Byrnes had extracted promises from the War Department and the WMC to support the bill with certain modifications. The OWMR would be allowed to designate which agency would administer the placement

and removal of workers, and it was understood that Byrnes would delegate control of the actual operations to McNutt. The director had done this in order to be certain that the WMC would fully support the fight for the bill. On Friday, January 26, General Clay called together Patterson, McNutt, Bard, and Krug; they all agreed to abide by the Byrnes compromise. The deputy director secured a promise from each one to write a letter of support to the Senate Military Affairs Committee.¹⁵

After the Senate committee had agreed to the OWMR amendment in early February, War Department officials covertly complained to committee members that the army did not favor this substitute. Stimson had unsuccessfully tried to maintain control over his minions. Indeed, Senator Edwin Johnson of Colorado grumbled to the press that War Department interference had "sabotaged" the chances of securing immediate passage of the bill. Patterson had to apologize to the committee and reaffirm the department's adherence to the OWMR, and thus the administration, position. Nevertheless, the committee members decided to hold hearings on the bill.

On February 10, Byrnes started his long return journey from Yalta. Three days later he held a press conference and asked for passage of the May-Bailey bill.

Finally on February 22, the Senate committee reported a bill closely resembling the suggestions of the WMC. The bill continued the use of employee ceilings, added statutory weight to the WMC hiring regulations, and provided that the OWMR would supervise its implementation. It did not penalize workers who refused to obey these regulations. The WMC could not place a worker in a certain job. This was an attenuated version of the House bill.

That day, February 22, Byrnes held a strategy session with representatives of the War and Navy departments, the WPB, the WMC, and the Selective Service. He instructed them to contact all senators friendly to their agency and supply these legislators with pertinent data. Roosevelt still endorsed the passage of a strong national service law. But favorable battlefield conditions, the senators believed, obviated the need for compulsory manpower controls; the Senate passed its version of the bill. The House sent it to conference committee. Then Byrnes devised a compromise allowing the government to "freeze" workers in essential occupations. In addition to this compromise, the conference committee reported a bill that retained the Senate provisions for manpower ceilings and controls and that did not provide any sanctions to be

used against workers who ignored the WMC rules. In late March the House passed the conference report; in early April the Senate rejected it, ending the last attempt to enact national service legislation.¹⁶

While his efforts to secure a national service bill failed, Byrnes used his prestige to clamp tighter controls on civilian life. Besides closing all race tracks, the OWMR director, on January 5, requested the cancellation of all conventions requiring the attendance of more than fifty people. This ban went into effect on February 1. For February the canceled Chicago conventions meant a reduction in travel of about 4.5 million miles. The severity of the winter, the overburdened transportation network, and the threats of a coal shortage forced Byrnes to issue drastic conservation orders. On January 10, he asked Americans to reduce the consumption of coal by turning down thermostats to a maximum of sixty-eight degrees in all private homes, and office and public buildings heated with coal. The WPB, Byrnes ordered, would also enforce a ban on all outside lighting for advertising, ornamental, and display purposes that used electricity produced by coal.

In addition to this brownout, the OWMR director asked the Office of Defense Transportation to eliminate

all special and excursion trains and to prohibit increases in passenger train schedules. In late February, Byrnes ordered all places of public amusement--bars and night clubs--to observe a midnight curfew in order to discourage absenteeism at war plants and further reduce the consumption of coal. Fiorello LaGuardia of New York and other mayors challenged Byrnes's authority to impose such a curfew. In March the director waged a battle in the press with the mayor. Admitting that the federal government did not have a police force to compel compliance, Byrnes enlisted the support of the mayors of Detroit, Cleveland, Boston, San Francisco, and Los Angeles, all of whom obeyed his directive. Roosevelt publicly endorsed Byrnes's order. After army and navy authorities threatened to send military police to make certain that no personnel of the armed forces violated the midnight curfew, many hotels, night clubs, restaurants, and bars in New York City complied with the brownout restrictions. Following the surrender of Germany, these restrictions were removed.¹⁷

At the same time that he tightened controls on the work force and halted reconversion programs, the OWMR director continued supervising military procurement demands. The Navy Department again proved the most tena-

cious in protecting its production schedules. In late November 1944, Roosevelt sent Byrnes an urgent request to supply more workers for the shipyards. Indeed, the president had instructed Admiral Emory S. Land of the Maritime Commission to guarantee all shipbuilding companies a full work load for all of 1945. The navy, Roosevelt asserted, "desperately" needed more ships.

Byrnes had heard such ominous prophecies before and was properly skeptical. Waste of shipping capacities, he informed Roosevelt, had hit "new peaks" and had caused "an artificial appearance of shortage." The OWMR investigation of this crisis revealed that too many vessels were used as floating "warehouses" in military theaters. The director had issued orders to remedy these problems and predicted a significant improvement within sixty days. Then there would be sufficient tonnage to satisfy all high priority schedules. In fact he surmised that enough shipping had been wasted recently to have provided an additional 100 sailings per month from the United States.

After the War Shipping Administration (WSA) and the Joint Chiefs of Staff (JCS) forecast a deficit of 400 sailings during the first quarter of 1945, Byrnes, on November 23, asked the JCS to conduct a new survey of projected requirements. The OWMR director questioned

the enormity of the deficit and also wondered whether the shipyards really had such severe manpower shortages. He advised the president to delay approving additional ship construction until the JCS could investigate military needs.¹⁸

With the shipbuilding issue pending, Byrnes had to confront army demands for a greatly accelerated production schedule. To meet the 1945 requirements for the small arms ammunition program, Patterson informed the director that 100,000 additional workers were needed; and increased requisites for mortar and medium artillery ammunition meant an expansion of these facilities and work force. Admitting that shifting battlefield conditions accounted for part of the shortages, Undersecretary Patterson blamed reconversion production as the principal cause. These shortages prompted the December 1 joint statement suspending spot authorizations in labor tight areas. While shelving reconversion plans, Byrnes directed army officials to reactivate factories in Belgium and France to make tires, tentage fabric, munitions, and other items. Finally, the OWMR director requested the JCS to determine whether any of the navy munitions production could be turned over to the army and to synchronize the military use of aircraft with the production of high octane gasoline.¹⁹

In January 1945, the navy made another push to win approval of an expanded shipbuilding program; Admiral King requested an additional eighty-four ships. Secretary of the Navy Forrestal went directly to Roosevelt who tentatively approved the addition. Budget Director Smith objected to the increase; Roosevelt overruled Smith. The Combined Military Transportation Committee warned of large deficits in the numbers of available shipping during the first quarter of 1945. The OWMR continuously scrutinized the estimates of this committee. So Byrnes knew that the paper deficits were caused by the military's inflated and unrealistic requirements. The navy had ten times as much tonnage as the Japanese navy; so Fred Searls could not understand why the navy wanted more ships. Both the War and Navy department, Searls asserted, had devised separate strategies for the war against Japan. The Army Service Forces, he determined, had formulated procurement programs for the one-front war that would supply more troops than were fighting in both the European and Asiatic theaters. If the administration did not "contain and discipline" the "ambitious and conflicting plans" of the military, the wasteful expenditures, Searls argued, would continue through 1946.²⁰

By early March the shipping situation had greatly improved. There were enough ships to fulfill transporta-

tion needs on the Atlantic side; while it remained tight for the Pacific side, there was enough capacity to meet essential requirements. The real problem for the next few months resulted from the inability of the internal transportation network and port facilities to accommodate all of the export demands. Armed with these arguments, Byrnes convinced the president to allow him to investigate the shipping program before an irrevocable decision was made. On March 3, the director instructed Secretary of the Navy Forrestal to defer construction of the vessels until he, Byrnes, could review the program. Admiral King had already informed the director that the program was not essential.²¹

From Forrestal, Byrnes learned that the principal proponent for the additional ships was Representative Carl Vinson, chairman of the House Naval Affairs Committee. The OWMR director ordered Krug, chairman of the WPB, not to allot the materials for the construction of the vessels. In late March Roosevelt acceded to the arguments compiled by the OWMR staff; he allowed the navy to build only twelve of these vessels. Byrnes had saved the nation \$1.5 billion. The OWMR also reduced other wasteful military production requests.²²

By now the Allies had crossed the Rhine; the German surrender was imminent. On March 24, Byrnes wrote out his

resignation letter and submitted it to the president. He planned to resign on April 2. Reminding Roosevelt that he had no intention of supervising the transition to peace, Byrnes knew that in the very near future reconversion would be the principal function of the OWMR. Roosevelt, who unsuccessfully tried to persuade him to remain, asked him for suggestions as his replacement. Byrnes recommended Fred Vinson as his first choice and then Lucius Clay. The next day the president telephoned the director from Hyde Park, asking him not to resign. Byrnes adhered resolutely to his position. So Roosevelt accepted the resignation and decided to name Vinson as his replacement. On April 7, Byrnes, now a private citizen, left Washington for Spartanburg.²³

From October 1944 to April 1945, Byrnes as OWMR director presided over the final production surge, which paralleled the military push into Germany. He reined in new civilian production, deciding the reconversion controversy in favor of the military and big business crowd. The military situation dictated this solution. Both the military and civilian administrators had expected a German collapse before the end of 1944. Instead, they got the German counteroffensive, and Byrnes initiated drastic measures to insure adequate military production and con-

vince the populace that the war still required an all-out effort. At the same time, he had some success in keeping military procurement demands within reasonable bounds.

Byrnes's relationship with the president had changed. The War Mobilization and Reconversion Act made the director responsible both to Congress and the president. The congressional grant of authority was extraordinary and acknowledged the prestige and effectiveness of Byrnes as OWM director. The rebuff that Byrnes suffered at the Chicago convention damaged the close friendship between him and Roosevelt. Byrnes still remained loyal to the president; on his return from Yalta, the director told reporters that if they had been there, they too would have been proud of Roosevelt's performance. During Byrnes's tenure as OWMR director, the president's health deteriorated precipitously, and Roosevelt had little time for domestic affairs as he finished the 1944 campaign and prepared for and participated in the Yalta conference. Byrnes had to fill this vacuum, and he did so with presidential approbation. While their personal relationship was not what it once had been, Byrnes assumed a greater control over home front policy and programs than he had before. He was truly the "Assistant President" for the home front.

Considering many of his other wartime appointments, Roosevelt had chosen well when he named Byrnes as director of the Office of Economic Stabilization in October 1942. Byrnes had the requisite qualities to be the presidential agent in charge of the inflation fight; he was charming, gracious, intelligent, diligent, and a master politician. Furthermore, he functioned adeptly within the jerry-built administrative structure erected by Roosevelt. Byrnes had an unusual talent for divining compromise solutions for seemingly irresolvable ideological, personal, and program disputes. Because he was somewhat more conservative than Roosevelt, Byrnes maintained his nexuses with the increasingly conservative and hostile Congress and bore the brunt of the criticism from disgruntled liberals. So Byrnes formulated policy, with Roosevelt's approval, won grudging acceptance from Congress, and withstood the liberals' displeasure. This misplaced hostility to the president's necessitarian approach to the war partly explained why Byrnes was snubbed at the Democratic National Convention.

At first, Roosevelt delegated to Byrnes control of the stabilization program because of the urgency of the inflation menace. With restrictions imposed by Congress and the existing administrative mechanism, Byrnes

effectively coordinated policy among the conflicting agencies. His own decisions guided administration policy for the remainder of the war. By winning support for economic stabilization, Byrnes neutralized the powerful interest groups that had tried to circumvent wage and price ceilings. The "Hold-the-Line" order, devised by Byrnes and the OES staff, was one of the most significant policy determinations of the war. The OES, under his and Vinson's leadership, ended the grievous threat that inflation posed to the war effort.

The need for some sort of overall control was obvious. Roosevelt tried to supervise the mobilization process much the same way that he had managed the New Deal. He imposed agency upon agency, a reactive approach to organization, while retaining control in his own hands. Until after Pearl Harbor he thought he could manage the enlarging executive branch. That was impossible. The functional and reactive war organization meant that no one had overall responsibility for supervision of the mobilization effort. No one person acted as the administration's spokesman to the public and Congress. No one, except Roosevelt, could do this, and he did not have the time nor energy to direct all aspects of the war. So the president had to institutionalize some sort of control unit.

He did this by creating the Office of War Mobilization. Byrnes, who had proved his executive abilities as OES director, then acted as the political manager of the war effort. He had awesome responsibilities and impressive powers, and he managed the executive branch in a similar manner to what Roosevelt had done. Both placed the winning of the war first; both were not devotees of national planning. Byrnes preferred to adjudicate controversies instead of initiating long range programs. He mediated disputes endemic to the administrative structure; he became OWM director in May 1943, when the mobilization organization was already set and in full operation. And that was why Roosevelt appointed him. The president wanted no national planner to limit his own power.

The OWM and the OWMR symbolized what World War II did to the executive branch. The war hastened the creation of the modern presidency. Roosevelt had to rely more and more upon the Executive Office, which had been created in 1939. This office housed each agency that Byrnes directed. Byrnes determined policy and coordinated the resultant programs for the executive branch. He acted as a presidential agent for the management of the mobilization process. Byrnes's invaluable service during the war adumbrated the control that the personnel of the Executive Office would exert in the modern presidency.

NOTES TO CHAPTER XIII

¹Washington Post, November 15, 16, 17, 22, 1944; Excerpts from Morgan Beatty News Report, Broadcasted over the National Broadcasting Company radio network, November 14, 1944, 140 (1), Byrnes to Ben S. Whaley, November 15, 1944, 164, Byrnes Papers; I. F. Stone, "Washington Notes," Nation, December 2, 1944, pp. 678-80.

²Washington Post, December 7, 1944; New York Times, December 7, 1944; Christian Science Monitor, December 7, 1944. That same day Roosevelt appointed twelve men, representing the public, farm groups, labor, and management, to the OWMR advisory board, as provided by Congress. Byrnes ignored this board, and it did not have a significant role during his tenure.

³Brehon Somervell to Byrnes, November 6, 1944, "Production 6," Box 5, Byrnes to James Forrestal et al., November 16, 1944, "Manpower from Nov. 1944," Box 124, RG 250; New York Times, November 17, 1944; Somers, OWMR, pp. 191-93; CPA, Industrial Mobilization for War, pp. 810-14.

⁴Robert Patterson to Byrnes, November 18, 1944, "Manpower 2," Box 143B, Patterson to Byrnes, November 24, 1944, "Manpower from Nov. 1944," Box 124, RG 250; CPA, Industrial Mobilization for War, p. 812; Barton J. Bernstein, "The Debate on Industrial Reconversion," American Journal of Economics and Sociology, XXVI (April 1967), pp. 159-72; Catton, War Lords, pp. 270-72, 290-93.

⁵Somers, OWMR, pp. 193-94, 198-99; Minutes of Staff Meeting, March 10, 1945, "Minutes," Box 6, J. Anthony Panuch Papers, HSTL; Donald Russell to William Haber, December 21, 1944, "Postwar and War Adjustment 9," Box 129, Byrnes to Fred Vinson, November 22, 1944, Vinson to Byrnes, November 16, December 6, 1944, "Postwar and War Adjustment 9-1-3," Box 130, Byrnes to Vinson, December 4, 1944, "Reconversion Social Security Program," Box 485, Byrnes to Vinson, February 17, 1945, "Capital Gains,"

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⁶ See: Polenberg, War and Society, pp. 234-37;
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⁷ Washington Post, December 10, 11, 1944; New York Times, December 10, 11, 1944; "The Shape of Things,"
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⁸ Somers, OWMR, pp. 168-69; Budget, United States at War, p. 450; Byrnes to Roosevelt, December 20, 1944,
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⁹ Ickes Diary, December 24, 1944, Ickes Papers;
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¹⁰ New York Times, January 2, 1945; Washington Post,
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¹¹ New York Times, January 4, 1945; Somers, OWMR,
p. 160; Lucius D. Clay to Byrnes, January 27, 1945, 178,
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¹² Washington Post, January 7, 1945; New York Times,
February 18, 1945; Somers, OWMR, pp. 164-65.

¹³ PPA, 1944-1945, pp. 494-96, 517-19; New York Times,
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¹⁴Byrnes, Lifetime, pp. 252-53; John L. Gaddis, The United States and the Origins of the Cold War, 1941-1947 (New York, 1972), pp. 160-66.

¹⁵Walter Brown to Byrnes, January 27, 30, 1945, 182, Lucius D. Clay to Byrnes, January 27, 1945, 178, Byrnes Papers; Washington Post, January 29, 1945.

¹⁶Lucius Clay to Byrnes, February 5, 1945, 178, Byrnes Papers; Washington Post, February 4, 6, 14, 1945; Transcript of Byrnes's Press Conference, February 13, 1945, "Byrnes, James," Box 1, Stephen T. Early Papers, FDRL; Stimson Diary, February 20, 21, 1945, Stimson Papers; Budget, United States at War, pp. 453-54; Young, Congressional Politics, pp. 80-81.

¹⁷New York Times, January 6, 11, 12, February 20, March 2, 19, 20, 21, 1945; Walter Brown to Byrnes, January 27, 1945, 182, Byrnes Papers; Washington Post, January 11, 1945; Ickes Diary, January 13, February 24, 1945, Ickes Papers; "The Shape of Things," Nation, March 31, 1945, p. 346.

¹⁸Roosevelt to Byrnes, November 20, 1944, 615 (1), Byrnes to Roosevelt, November 25, 1944, 70 (2), Byrnes Papers.

¹⁹Robert Patterson to Byrnes, November 26, 1944, "Manpower 2-3," Box 143B, RG 250; New York Times, December 2, 1944; Byrnes to Roosevelt, December 20, 1944, OF 5584, FDRL; Byrnes to Admiral William Leahy, December 19, 1944, 82, Byrnes Papers.

²⁰Franz Schneider to Byrnes, January 27, 1945, 42 (2), Fred Searls to Byrnes, February 24, 1945, 176, Byrnes Papers; Schneider to Byrnes, February 20, 1945, attached to Byrnes to Roosevelt, February 22, 1945, "James F. Byrnes," PSF 121, FDRL; Somers, OWMR, pp. 125-26.

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²¹Franz Schneider to Byrnes, March 2, 1945, "James F. Byrnes," PSF 121, FDRL; Byrnes to Forrestal, March 3, 1945, "Production," Box 143C, RG 250.

²²Byrnes to Roosevelt, March 14, 1945, 70 (2), Byrnes Papers; Harold Smith Diary, March 12, 1945, 66, Smith, Papers; Somers, OWMR, pp. 127-34.

²³Byrnes to Roosevelt, March 24, 1945, Roosevelt to Byrnes, March 25, 1945, Byrnes Papers; Byrnes, Lifetime, pp. 270-75.

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Henry Morgenthau, Jr. Papers;
OF: President's Official File;
PPF: President's Personal File;
PSF: President's Secretary's File;
PSF CF: President's Secretary's File Confidential
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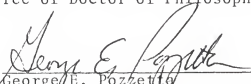
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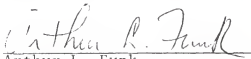
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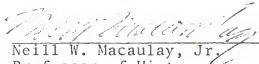
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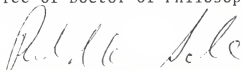
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